

News release

Jiutian recorded RMB 347 million loss in FY2023

The Board of Directors of Jiutian Chemical Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that after 3 consecutive years of profits from financial year ended 31 December 2020 (“**FY2020**”), the Group recorded a loss of RMB347 million for the financial year ended 31 December 2023 (“**FY2023**”). The sharp turn in financial performance was mainly due to a significant downward correction of product prices across all main products of the Group, namely Dimethylformamide (“**DMF**”) and Methylamine. The average selling prices of DMF and Methylamine were 54% and 58% lower than in financial year ended 31 December 2022 (“**FY2022**”). The decline in prices, which started in the fourth quarter ended 31 December 2022 (“**4Q2022**”), and continued to be worsen throughout FY2023, was mainly due to the twin impact of industry wide softening of demand due to slower than expected economic recovery in China and the addition of new capacity by our new main competitor, Jiangxi Xinlianxin Chemical Industry Co., Ltd., which has a total DMF capacity of 200,000 tons per year, as compared to Jiutian’s 150,000 tons per year.

The Company’s Chairman, Han Lianguo, said, “We regret to announce a loss in FY2023 after 3 years of continuous profits from FY2020. This was despite our efforts to contain the losses (such as adjusting our production volume in FY2023 to achieve optimal financial performance, while continuing to supply strategically to long-term customers and defend market share), against a very difficult environment of industry wide softening demand and increased supply.

Going forward, the business environment will remain challenging for the financial year ending 31 December 2024. In order to stay competitive, the Group has announced plans to embark on a synthetic ammonia project to become a more fully integrated producer of DMF and Methylamine, and go into the production of urea for wider product offering and a more diversified earning base.”

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The contact person for the Sponsor is Ms Lim Hui Ling, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.