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三江化工

SANJIANG CHEMICAL

CHINA SANJIANG FINE CHEMICALS COMPANY LIMITED

中國三江精細化工有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2198)

PROPOSED ADOPTION OF SHARE OPTION SCHEME

The Board is pleased to announce that it has resolved to propose the adoption of the Share Option Scheme which will enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Board is of the view that the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group.

BACKGROUND

The Board is pleased to announce that it has resolved to propose the adoption of the Share Option Scheme which will enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Board is of the view that the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group.

The Share Option Scheme will constitute a share option scheme under Chapter 17 of the Listing Rules. The Share Option Scheme is conditional upon:

- (i) the passing of the relevant resolution(s) by the Shareholders at the EGM to approve and adopt the Share Option Scheme; and
- (ii) the Listing Committee granting approval for the listing of, and permission to deal in, any Shares to be issued and allotted pursuant to the exercise of options granted under the Share Option Scheme.

PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

A summary of the principal terms of the Share Option Scheme is set out below. Further details of the terms of the Share Option Scheme will be set out in a circular to be despatched to the Shareholders in due course.

Purposes:	<p>The purposes of the Share Option Scheme are:</p> <ul style="list-style-type: none">(i) to grant options to selected participants as incentives or rewards for their contribution to the Group; and(ii) to enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group.
Effective date of the Share Option Scheme:	<p>The day on which the Share Option Scheme is adopted by the resolution of the Shareholders at the EGM (“Adoption Date”).</p>
Period of the Share Option Scheme:	<p>Ten (10) years commencing from the Adoption Date.</p>
Eligible participant(s):	<ul style="list-style-type: none">(i) any employee (whether full time or part time) of the Group or any entity (the “Invested Entity”) in which any member of the Group holds any shareholding (including any executive director but excluding any non-executive director of the Group or any Invested Entity); and(ii) any non-executive directors (including independent non-executive directors) of the Group or any Invested Entity.
Maximum number of Shares:	<ul style="list-style-type: none">(i) the maximum number of Shares which may be issued upon the exercise of the options granted under the Share Option Scheme shall not in aggregate exceed 10% of the total number of shares in issue of the Company as at the Adoption Date; and(ii) the maximum number of share of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the total number of shares in issue from time to time.

Maximum entitlement of each participant:	The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (“Individual Limit”). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the Shareholders at a general meeting.
Grant of share options to Directors, chief executive or substantial shareholder of the Company, or to any of their respective associates:	<p>Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their respective associates (as defined under the Listing Rules), are subject to approval in advance by the independent non-executive Directors (excluding independent non-executive Director who is the grantee of the options).</p> <p>In addition, where any grant of share options to a substantial shareholder or an independent non-executive Director, or to any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in excess of 0.1% of the Shares in issue and with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK\$5 million, in a 12-month period up to and including the date of grant, such grant of share options are subject to Shareholders’ approval in a general meeting.</p>
Subscription Price:	<p>The subscription price of the Shares under the Share Option Scheme shall be a price determined by the Board, but shall not be less than the highest of:</p> <ul style="list-style-type: none"> (i) the closing price of Shares as stated in the daily quotations sheet of the Stock Exchange on the date of the offer of the grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the date of the offer of grant; and

(iii) the nominal value of the Shares.

Time of acceptance and exercise of option:	The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 by the grantee. The exercise period for the share options granted is determined by the Board, which period may commence from the date of acceptance of the offer for the grant of share options but shall end in any event not later than 10 years from the date of the grant of the option subject to the provisions for early termination under the Share Option Scheme.
Restriction period:	There is no restriction period under the Share Option Scheme.
Performance target:	Unless the Directors otherwise determine and state in the offer for the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options can be exercised.

SHAREHOLDERS' APPROVAL

The Board will convene the EGM to, among other things, seek for the Shareholder's approval to the adoption of the Share Option Scheme by way of proposal of an ordinary resolution.

A circular containing, among other things, information on the proposed adoption of the Share Option Scheme and other matters to be transacted at the EGM, together with the notice of the EGM and proxy form, will be despatched to Shareholders as soon as practicable.

As at the date of this announcement, the Share Option Scheme remains subject to the approval of the Shareholders. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	board of Directors of the Company;

“Company”	China Sanjiang Fine Chemicals Company Limited (中國三江精細化工有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the adoption of the Share Option Scheme;
“Group”	the Company and its subsidiaries, from time to time;
“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan;
“Shareholder(s)”	shareholders of the Company;
“Share Option Scheme”	the share option scheme proposed to be adopted by the resolution of the Shareholders at the EGM;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

By order of the Board
China Sanjiang Fine Chemicals Company Limited
HAN Jianhong
Chairlady and executive Director

The PRC, 12 November 2020

As at the date of this announcement, the Board comprises three executive Directors: Ms. HAN Jianhong, Mr. HAN Jianping and Mr. RAO Huotao and three independent non-executive Directors: Mr. SHEN Kaijun, Ms. PEI Yu and Mr. KONG Liang.