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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)

CONTINUING CONNECTED TRANSACTIONS

(1) FATTY ALCOHOL SUPPLY AGREEMENT

**(2) SANJIANG CHEMICAL ETHYLENE
STORAGE SERVICES AGREEMENT**

(3) CONDENSATE WATER PURCHASE AGREEMENTS

**(4) DESALINATED WATER AND
MISCELLANEOUS MATERIALS SUPPLY AGREEMENTS**

**(5) SANJIANG CHEMICAL GAS AND
MISCELLANEOUS MATERIALS SALES AGREEMENT**

AND

(6) GRAND NOVEL MANAGEMENT AGREEMENT

CONTINUING CONNECTED TRANSACTION

On 11 December 2020, certain members of the Group entered into the following continuing connected transactions with Jiahua Energy Chemical Co. each for a period of three years ending 31 December 2023 and with Grand Novel for a period of three years ending 30 November 2023.

(1) Fatty Alcohol Supply Agreement

On 11 December 2020, Sanjiang Chemical (an indirectly wholly-owned subsidiary of the Company) entered into the Fatty Alcohol Supply Agreement with Jiahua Energy Chemical Co. to regulate the supplier and customer relationships of the transactions under the Fatty Alcohol Supply Agreement. Pursuant to the Fatty Alcohol Supply Agreement, Jiahua Energy Chemical Co. has agreed to supply fatty alcohol to Sanjiang Chemical for the three years ending 31 December 2023.

(2) Sanjiang Chemical Ethylene Storage Services Agreement

On 11 December 2020, Sanjiang Chemical entered into the Sanjiang Chemical Ethylene Storage Services Agreement with Jiahua Energy Chemical Co. pursuant to which Sanjiang Chemical has agreed to provide ethylene storage services to Jiahua Energy Chemical Co. for the three years ending 31 December 2023.

(3) Condensate Water Purchase Agreements

On 11 December 2020, each of Sanjiang Chemical and Xing Xing (an indirectly non wholly-owned subsidiary of the Company) entered into a Condensate Water Purchase Agreement with Jiahua Energy Chemical Co. to regulate the supplier and customer relationships. Pursuant to the Condensate Water Purchase Agreements, Sanjiang Chemical and Xing Xing have each agreed to supply condensate water to Jiahua Energy Chemical Co. for the three years ending 31 December 2023.

(4) Desalinated Water and Miscellaneous Materials Supply Agreements

On 11 December 2020, Sanjiang Chemical, Sanjiang New Material (an indirectly wholly-owned subsidiary of the Company) and Xing Xing entered into the Desalinated Water and Miscellaneous Materials Supply Agreements with Jiahua Energy Chemical Co. for a period of three years ending 31 December 2023 to regulate the supplier and customer relationships of the transactions under the Desalinated Water and Miscellaneous Materials Supply Agreements.

(5) Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement

On 11 December 2020, Sanjiang Chemical and Jiahua Energy Chemical Co. entered into the Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement pursuant to which, Sanjiang Chemical has agreed to supply oxygen gas, nitrogen gas and other miscellaneous materials to Jiahua Energy Chemical Co. for a period of three years ending 31 December 2023.

(6) Grand Novel Management Agreement

On 11 December 2020, each of the Company and Capitol International, a directly wholly-owned subsidiary of the Company, entered into the Grand Novel Management Agreement with Grand Novel for the provision of management services by Grand Novel for a period of three years ending 30 November 2023.

LISTING RULES IMPLICATION

Jiahua Energy Chemical Co. is owned as to approximately 40.86% by Jiahua, which is ultimately controlled by Mr. Guan and Ms. Han whereas Grand Novel is directly owned as to 100% by Mr. Guan.

As Ms. Han is Mr. Guan's wife and an executive Director and Mr. Guan is a controlling Shareholder of the Company, each of Jiahua Energy Chemical Co. and Grand Novel is therefore an associate of Mr. Guan and Ms. Han and is thus a connected person of the Company and the transactions contemplated under each of the (1) Fatty Alcohol Supply Agreement, (2) Sanjiang Chemical Ethylene Storage Services Agreement, (3) Condensate Water Purchase Agreements, (4) Desalinated Water and Miscellaneous Materials Supply Agreements, (5) Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement and (6) Grand Novel Management Agreement constitute continuing connected transaction(s) of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules:

1. the proposed annual caps under each of the Condensate Water Purchase Agreements are aggregated as (i) they were entered into between members of the Group, as supplier, and a connected person (i.e. Jiahua Energy Chemical Co.), as customer; and (ii) they are of a similar nature relating to the supply of condensate water by members of the Group to the same connected person (i.e. Jiahua Energy Chemical Co.) with similar pricing mechanism; and
2. the proposed annual caps under each of the Desalinated Water and Miscellaneous Materials Supply Agreements are aggregated as (i) they were entered into between members of the Group, as customer, and a connected person (i.e. Jiahua Energy Chemical Co.), as supplier; and (ii) they are of a similar nature relating to the purchase of desalinated water and miscellaneous materials by members of the Group from the same connected person (i.e. Jiahua Energy Chemical Co.) with similar pricing mechanism.

As one or more of the applicable ratios in respect of the proposed annual caps for (i) each of the Fatty Alcohol Supply Agreement, Sanjiang Chemical Ethylene Storage Services Agreement, Condensate Water Purchase Agreements, Desalinated Water and Miscellaneous Materials Supply Agreements and Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement for the three years ending 31 December 2023 and the Grand Novel Management Agreement for the three years ending 30 November 2023 are more than 0.1% but less than 5%, the transactions contemplated under each of the (1) Fatty Alcohol Supply Agreement, (2) Sanjiang Chemical Ethylene Storage Services Agreement, (3) Condensate Water Purchase Agreements, (4) Desalinated Water and Miscellaneous Materials Supply Agreements, (5) Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement and (6) Grand Novel Management Agreement are therefore subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 11 December 2020, certain members of the Group entered into the following continuing connected transactions with Jiahua Energy Chemical Co. each for a period of three years ending 31 December 2023 and with Grand Novel for a period of three years ending 30 November 2023. Set out below are the principal terms of each of the (1) Fatty Alcohol Supply Agreement, (2) Sanjiang Chemical Ethylene Storage Services Agreement, (3) Condensate Water Purchase Agreements, (4) Desalinated Water and Miscellaneous Materials Supply Agreements, (5) Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement and (6) Grand Novel Management Agreement.

(1) FATTY ALCOHOL SUPPLY AGREEMENT

Date

11 December 2020

Parties

- (1) Jiahua Energy Chemical Co., a connected person of the Company, as supplier; and
- (2) Sanjiang Chemical, an indirect wholly-owned subsidiary of the Company, as purchaser.

Subject matter

Pursuant to the Fatty Alcohol Supply Agreement, Jiahua Energy Chemical Co. has agreed to supply fatty alcohol to Sanjiang Chemical for the three years ending 31 December 2023.

Term

The Fatty Alcohol Supply Agreement shall become effective on 1 January 2021 and has a term ending on 31 December 2023 which may be renewable upon further agreement by the parties (subject to compliance with the Listing Rules).

Consideration

Pursuant to the Fatty Alcohol Supply Agreement, the purchase price for the fatty alcohol shall be the weighted average price of the fatty alcohol purchased by Jiahua Energy Chemical Co.'s independent customers with comparable purchase level of Sanjiang Chemical during the same month of supply taking into account the additional transportation costs of RMB10 per tonne in the case for pipeline customers. The purchase price payable by Sanjiang Chemical in respect of purchases under the Fatty Alcohol Supply Agreement shall be tallied on the end of each calendar month, and shall be payable by Sanjiang Chemical on or before the end of the following month.

In order to ensure that the purchase price per tonne offered by Jiahua Energy Chemical Co. is no less favourable than the purchase price offered by other suppliers of fatty alcohol to Sanjiang Chemical, the Group would compare quotations from the other independent fatty alcohol suppliers after taking into account the additional transportation costs that may be incurred and analyse market information, and the unit purchase price for fatty alcohol will be agreed after arm's length negotiation with Jiahua Energy Chemical Co.. Accordingly, the Board considers that such methods and procedures can ensure that the purchase of fatty alcohol will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders as a whole.

The Company will comply with the relevant Listing Rules requirements when the term of the Fatty Alcohol Supply Agreement is renewed.

Historical transactions figures and proposed annual caps

The approved aggregate annual caps for the three years ending 31 December 2020 were RMB114,200,000, RMB114,200,000 and RMB114,200,000 respectively.

For the two years ended 31 December 2018 and 2019 and the 8-month period ended 31 August 2020, the historical transaction figures were as follows:

	For the year ending 31 December		For the 8-month period ended 31 August
	2018	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Purchase of fatty alcohol from Jiahua Energy Chemical Co.	99,734	85,429	23,690

Based on:

- (1) the expected amount of purchases to be made by Sanjiang Chemical from Jiahua Energy Chemical Co. for fatty alcohol for the three years ending 31 December 2023; and
- (2) the estimated market price of fatty alcohol for the three years ending 31 December 2023,

it is expected that the estimated annual caps for each of the three years ending 31 December 2023 will be as follows:

	For the year ending 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Annual caps	120,000	120,000	120,000

Such projection is assumed solely for determining the annual caps and shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of the Group.

The independent non-executive Directors and the auditor of the Company will on a regular basis be provided with the (i) Fatty Alcohol Supply Agreement; (ii) agreements entered into between the Group and independent third parties for the purchase of fatty alcohol; and (iii) fee quotations provided by independent third parties for the supply of fatty alcohol for review and comparison purposes. The independent non-executive Directors will also review and compare the relevant

payment terms, payment method and price payable under these agreements to ensure that the transactions contemplated under the Fatty Alcohol Supply Agreement are conducted on normal commercial terms. The auditor of the Company will review and confirm the transactions contemplated under the Fatty Alcohol Supply Agreement are conducted in accordance with the terms of the Fatty Alcohol Supply Agreement.

(2) SANJIANG CHEMICAL ETHYLENE STORAGE SERVICES AGREEMENT

Date

11 December 2020

Parties

- (1) Sanjiang Chemical, an indirectly wholly-owned subsidiary of the Company, as service provider; and
- (2) Jiahua Energy Chemical Co., a connected person of the Company.

Subject matter

Pursuant to the Sanjiang Chemical Ethylene Storage Services Agreement, Sanjiang Chemical has agreed to provide ethylene storage services to Jiahua Energy Chemical Co. for the three years ending 31 December 2023.

Term

The Sanjiang Chemical Ethylene Storage Services Agreement shall become effective on 1 January 2021 and has a term ending on 31 December 2023 which may be renewable upon further agreement by the parties (subject to compliance with the Listing Rules).

Consideration

The consideration for the provision of ethylene storage services by Sanjiang Chemical shall be calculated by multiplying the tonnage of goods to be stored and handled at a range between RMB200 per tonne and RMB300 per tonne, which is in turn determined by taking into account the weighted average of unit storage fee offered by Sanjiang Chemical to its independent customers for the relevant service of comparable quality during the same month of supply and after arm's length negotiation among the parties concerned based on the prevailing market rate. The relevant purchase price shall be tallied on the end of each calendar month, and shall be payable on or before the end of the following months.

In order to ensure that the storage services fee per tonne is no less favourable than those offered by Sanjiang Chemical to its independent customers, the Group would compare quotations given to the other independent ethylene storage service

customers and analyse market information, and the price for the provision of ethylene storage services by the Group will be agreed after arm's length negotiation with Jiahua Energy Chemical Co.. Accordingly, the Board considers that such methods and procedures can ensure that the provision of ethylene storage services by the Group will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders as a whole.

The Company will comply with the relevant Listing Rules requirements when the term of the Sanjiang Chemical Ethylene Storage Services Agreement is renewed.

Historical transactions figures and proposed annual caps

There are no historical transaction figures available as no ethylene storage services were required by Jiahua Energy Chemical Co. for the three years ending 31 December 2020.

Based on:

- (1) the expected unit of services to be required by Jiahua Energy Chemical Co. from Sanjiang Chemical for ethylene storage services for the three years ending 31 December 2023 as a result of the ramp up of a new production facility by Jiahua Energy Chemical Co., which requires ethylene as feedstock;
- (2) the expected unit fees to be paid by Jiahua Energy Chemical Co. to Sanjiang Chemical for the three years ending 31 December 2023;
- (3) the expected market conditions and increase in demand for ethylene storage services from Jiahua Energy Chemical Co.,

it is expected that the estimated annual caps for each of the three years ending 31 December 2023 will be as follows:

	For the year ending 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Annual caps	28,900	28,900	28,900

Such projection is assumed solely for determining the annual caps and shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of the Group.

The independent non-executive Directors and the auditor of the Company will on a regular basis be provided with the (i) Sanjiang Chemical Ethylene Storage Services Agreement; (ii) agreements entered into between the Group and independent third parties for the provision of ethylene storage services; and (iii) fee quotations provided by independent third parties for the provision of ethylene storage services

for review and comparison purposes. The independent non-executive Directors will also review and compare the relevant payment terms, payment method and price payable under these agreements to ensure that the transactions contemplated under the Sanjiang Chemical Ethylene Storage Services Agreement are conducted on normal commercial terms. The auditor of the Company will review and confirm the transactions contemplated under the Sanjiang Chemical Ethylene Storage Services Agreement are conducted in accordance with the terms of the Sanjiang Chemical Ethylene Storage Services Agreement.

(3) CONDENSATE WATER PURCHASE AGREEMENTS

Date

11 December 2020

Parties

Each of the following members of the Group entered into the Condensate Water Purchase Agreement with Jiahua Energy Chemical Co., a connected person of the Company, for a period of three years ending 31 December 2023:

- (1) Sanjiang Chemical, an indirectly wholly-owned subsidiary of the Company; and
- (2) Xing Xing, an indirectly non wholly-owned subsidiary of the Company.

Subject matter

Pursuant to the Condensate Water Purchase Agreements, each of Sanjiang Chemical and Xing Xing has agreed to supply condensate water to Jiahua Energy Chemical Co. for the three years ending 31 December 2023.

Term

The Condensate Water Purchase Agreements shall become effective on 1 January 2021 and has a term ending on 31 December 2023 which may be renewable upon further agreement by the parties (subject to compliance with the Listing Rules).

Consideration

Pursuant to the Condensate Water Purchase Agreements, the purchase price for condensate water shall be at a price which is the weighted average of those obtained by Jiahua Energy Chemical Co. from its independent suppliers for the relevant product of comparable quality during the same month of supply. The relevant purchase price shall be tallied on the end of each calendar month, and shall be payable on or before the end of the following months.

In order to ensure that the purchase price per tonne is no less favourable than those offered by other independent condensate water purchasers, the Group would compare quotations given to other independent condensate water purchasers after taking into account the additional transportation costs that may be incurred and analyse such market information, and the unit purchase price for condensate water will be agreed after arm's length negotiation with Jiahua Energy Chemical Co.. Accordingly, the Board considers that such methods and procedures can ensure that the supply of condensate water will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders as a whole.

The Company will comply with the relevant Listing Rules requirements when the respective terms of the Condensate Water Purchase Agreements are renewed.

Historical transactions figures and proposed annual caps

The approved aggregate annual caps for the three years ending 31 December 2020 were RMB7,200,000, RMB7,200,000 and RMB7,200,000 respectively.

For the two years ended 31 December 2018 and 2019 and the 8-month period ended 31 August 2020, the historical transaction figures were as follows:

	For the year ending 31 December		For the 8-month period ended 31 August
	2018	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sale of condensate water by Sanjiang Chemical and Xing Xing to Jiahua Energy Chemical Co.	4,221	5,493	2,742

Based on:

- (1) the expected amount of purchases to be made by Jiahua Energy Chemical Co. from Sanjiang Chemical and Xing Xing for condensate water for the three years ending 31 December 2023; and
- (2) the estimated market price of condensate water for the three years ending 31 December 2023,

it is expected that the estimated annual caps for each of the three years ending 31 December 2023 will be as follows:

	For the year ending 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Annual caps	11,000	14,300	14,300

Such projection is assumed solely for determining the annual caps and shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of the Group.

The independent non-executive Directors and the auditor of the Company will on a regular basis be provided with the (i) Condensate Water Purchase Agreements; (ii) agreements entered into between the Group and independent third parties for the supply of condensate water; and (iii) fee quotations provided by independent third parties for the supply of condensate water for review and comparison purposes. The independent non-executive Directors will also review and compare the relevant payment terms, payment method and price payable under these agreements to ensure that the transactions contemplated under the Condensate Water Purchase Agreements are conducted on normal commercial terms. The auditor of the Company will review and confirm the transactions contemplated under the Condensate Water Purchase Agreements are conducted in accordance with the terms of the Condensate Water Purchase Agreements.

(4) DESALINATED WATER AND MISCELLANEOUS MATERIALS SUPPLY AGREEMENTS

Date

11 December 2020

Parties

Each of the following members of the Group entered into the Desalinated Water and Miscellaneous Materials Supply Agreement with Jiahua Energy Chemical Co. for a period of three years ending 31 December 2023:

- (1) Sanjiang Chemical, an indirectly wholly-owned subsidiary of the Company;
- (2) Sanjiang New Material, an indirectly wholly-owned subsidiary of the Company;
and
- (3) Xing Xing, an indirectly non wholly-owned subsidiary of the Company.

Subject matter

Pursuant to Desalinated Water and Miscellaneous Materials Supply Agreements, Jiahua Energy Chemical Co. has agreed to supply desalinated water and miscellaneous materials to each of Sanjiang Chemical, Sanjiang New Material and Xing Xing at a price which is the weighted average of those offered by Jiahua Energy Chemical Co. to its independent purchasers for desalinated water and miscellaneous materials of comparable quality during the same month of supply.

Term

The Desalinated Water and Miscellaneous Materials Supply Agreements shall become effective on 1 January 2021 and have a term ending on 31 December 2023 which may be renewable upon further agreement by the parties (subject to compliance with the Listing Rules).

Consideration

Pursuant to the Desalinated Water and Miscellaneous Materials Supply Agreements, Jiahua Energy Chemical Co. has agreed to supply desalinated water and miscellaneous materials to each of Sanjiang Chemical, Sanjiang New Material and Xing Xing at a price which is the weighted average of those offered by Jiahua Energy Chemical Co. to its independent purchasers for desalinated water and miscellaneous materials of comparable quality during the same month of supply. The relevant purchase price shall be tallied on the end of each calendar month, and shall be payable on or before the end of the following months.

The Group would employ the following measures to ensure the price of desalinated water and miscellaneous materials offered by Jiahua Energy Chemical Co. to Sanjiang Chemical, Sanjiang New Material and Xing Xing is no less favourable than the price of supplying desalinated water and such miscellaneous materials of comparable quality to other independent third party(ies) by Jiahua Energy Chemical Co.. The following measures, which would be employed by the Group and Jiahua Energy Chemical Co., are determined after arm's length negotiations between the Group and Jiahua Energy Chemical Co.:

- (1) the finance department of the Group will obtain (i) all monthly invoices issued by Jiahua Energy Chemical Co. to its independent purchaser(s) that require desalinated water and miscellaneous materials of comparable quality; and (ii) all supply contracts for desalinated water and miscellaneous materials of comparable quality entered into between Jiahua Energy Chemical Co. and its independent purchaser(s) on a quarterly basis, to ascertain the completeness of the calculation (to be provided by Jiahua Energy Chemical Co.) for the weighted average purchase price of desalinated water and miscellaneous materials since the purchase price of desalinated water and miscellaneous materials payable by

the Group is agreed to be the weighted average price of the relevant product of comparable quality offered by Jiahua Energy Chemical Co. to its independent purchaser(s) during the same month of supply; and

- (2) in the event that the prices of desalinated water and miscellaneous materials prices that Jiahua Energy Chemical Co. charges Sanjiang Chemical, Sanjiang New Material and Xing Xing are higher than the weighted average purchase prices offered by Jiahua Energy Chemical Co. to its independent purchaser(s) for the relevant products of comparable quality during the same month of supply, Sanjiang Chemical, Sanjiang New Material and Xing Xing will negotiate with Jiahua Energy Chemical Co. to adjust the proposed purchase prices to prices that are equal to or lower than the weighted average purchase prices it offers to those independent purchaser(s). If the prices of desalinated water and miscellaneous materials which Jiahua Energy Chemical Co. offers to Sanjiang Chemical, Sanjiang New Material and Xing Xing are no less favourable than the weighted average purchase prices Jiahua Energy Chemical Co. offers to independent purchaser(s), the finance department of the Group will arrange for the approval of the prices offered by Jiahua Energy Chemical Co. by each of the head of the finance department of the Group and general manager of the Group.

Historical transactions figures and proposed annual caps

The approved aggregate annual caps for the three years ending 31 December 2020 were RMB26,000,000, RMB26,400,000 and RMB26,850,000 respectively.

For the two years ended 31 December 2018 and 2019 and the 8-month period ended 31 August 2020, the historical transaction figures were as follows:

	For the year ending 31 December		For the 8-month period ended 31 August
	2018	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Purchases of desalinated water and miscellaneous materials from Jiahua Energy Chemical Co. by Sanjiang Chemical, Sanjiang New Material and Xing Xing	11,576	16,865	11,394

Based on:

- (1) the growth of the production capacities of ethylene oxide (“EO”), ethylene glycol (“EG”) and polypropylene (“PP”) of the Group for the period of three years ending 31 December 2023 as a result of the ramp up of the new production facilities with 1,000,000MT output of EO/EG as middle stream level capacity increment and 1,250,000MT output of ethylene as upstream level capacity increment on a yearly basis which led to an increase in the Group’s demand for desalinated water and miscellaneous materials for production purposes;
- (2) the expected amount of purchases to be made by Sanjiang Chemical, Sanjiang New Material and Xing Xing for desalinated water and miscellaneous materials for the three years ending 31 December 2023; and
- (3) the estimated market price of desalinated water and miscellaneous materials for the three years ending 31 December 2023,

it is expected that the estimated aggregated annual caps for each of the three years ending 31 December 2023 will be as follows:

	For the year ending 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Annual caps	44,300	61,600	61,600

Such projection is assumed solely for determining the annual caps and shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of the Group.

The independent non-executive Directors and the auditor of the Company will on a regular basis be provided with the (i) Desalinated Water and Miscellaneous Materials Supply Agreements; (ii) agreements entered into between the Group and independent third parties for the purchase of desalinated water together with miscellaneous materials; and (iii) fee quotations provided by independent third parties for the supply of desalinated water together with miscellaneous materials for review and comparison purposes. The independent non-executive Directors will also review and compare the relevant payment terms, payment method and price payable under these agreements to ensure that the transactions contemplated under the Desalinated Water and Miscellaneous Materials Supply Agreements are conducted on normal commercial terms. The auditor of the Company will review and confirm the transactions contemplated under the Desalinated Water and Miscellaneous Materials Supply Agreements are conducted in accordance with the terms of the Desalinated Water and Miscellaneous Materials Supply Agreements.

(5) SANJIANG CHEMICAL GAS AND MISCELLANEOUS MATERIALS SALES AGREEMENT

Date

11 December 2020

Parties

- (1) Sanjiang Chemical, an indirectly wholly-owned subsidiary of the Company, as supplier; and
- (2) Jiahua Energy Chemical Co., a connected person of the Company, as purchaser.

Subject matter

Pursuant to the Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement, Sanjiang Chemical has agreed to supply oxygen gas and nitrogen gas together with other miscellaneous materials to Jiahua Energy Chemical Co. for the three years ending 31 December 2023.

Term

The Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement shall become effective on 1 January 2021 and has a term ending on 31 December 2023 which may be renewable upon further agreement by the parties (subject to compliance with the Listing Rules).

Consideration

Pursuant to the Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement, the purchase price for oxygen gas and nitrogen gas together with other miscellaneous materials shall be at a price which is the weighted average of those obtained by Jiahua Energy Chemical Co. from its independent suppliers for the relevant product of comparable quality during the same month of supply. The relevant purchase price shall be tallied on the end of each calendar month, and shall be payable on or before the end of the following months.

In order to ensure that the selling price for relevant product of comparable quality is no less favourable than the prevailing market price, the Group would compare quotations given by Sanjiang Chemical to other independent purchasers for oxygen gas and nitrogen gas together with other miscellaneous materials of comparable quality after taking into account the additional transportation costs that may be incurred and analyse such market information, and the unit selling price for oxygen gas and nitrogen gas together with other miscellaneous materials will be agreed after arm's length negotiation with Jiahua Energy Chemical Co.. Accordingly, the Board considers that such methods and procedures can ensure that the supply of oxygen gas

and nitrogen gas together with other miscellaneous materials will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders as a whole.

The Company will comply with the relevant Listing Rules requirements when the respective terms of the Condensate Water Purchase Agreements are renewed.

Historical transactions figures and proposed annual caps

There are no historical transaction figures available as Sanjiang Chemical did not supply oxygen gas and nitrogen gas together with other miscellaneous materials to Jiahua Energy Chemical Co. for the three years ending 31 December 2020.

Based on:

- (1) the expected amount of purchases to be made by Jiahua Energy Chemical Co. from Sanjiang Chemical for the three years ending 31 December 2023; and
- (2) the estimated market price of relevant goods for the three years ending 31 December 2023,

it is expected that the estimated annual caps for the Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement for each of the three years ending 31 December 2023 will be as follows:

	For the year ending 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Annual caps	30,000	30,000	30,000

Such projection is assumed solely for determining the annual caps and shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of the Group.

The independent non-executive Directors and the auditor of the Company will on a regular basis be provided with the (i) Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement; (ii) agreements entered into between the Group and independent third parties for provision of oxygen and nitrogen gas together with other miscellaneous materials; and (iii) fee quotations provided by independent third parties for the provision of oxygen and nitrogen gas together with other miscellaneous materials for review and comparison purposes. The independent non-executive Directors will also review and compare the relevant payment terms, payment method and price payable under these agreements to ensure that the transactions contemplated under the Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement are conducted on normal commercial terms. The auditor

of the Company will review and confirm the transactions contemplated under the Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement are conducted in accordance with the terms of the Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement.

(6) GRAND NOVEL MANAGEMENT AGREEMENT

Date

11 December 2020

Parties

- (1) the Company;
- (2) Capitol International, a wholly-owned subsidiary of the Company; and
- (3) Grand Novel, a company directly owned as to 100% by Mr. Guan.

Subject matter

The Company has appointed Grand Novel as the manager of the Company (the “**Manager**”) to provide services in relation to, among others:

- (1) assisting the Group generally and rendering advice to the Group from time to time in connection with developing and maintaining the relationships with overseas suppliers in order for the Group to secure the overseas procurement of methanol, sliver, ethylene and propylene;
- (2) performing regular visits to overseas suppliers in order for the Group to assess the sustainability of supplies of methanol, sliver, ethylene and propylene; and
- (3) at all times keeping the Group promptly and fully informed of all matters relating to or in connection with the performance and exercise of its duties under the Grand Novel Management Agreement.

Term

The Grand Novel Management Agreement shall become effective on 11 December 2020 and, subject to the right of the Company to terminate by giving not less than 60 days’ notice in writing to the Manager, shall continue until 30 November 2023, which may be renewable upon further agreement by the parties (subject to compliance with the Listing Rules).

The Company will comply with the relevant Listing Rules requirements when the term of the Management Agreement is renewed.

Consideration

The consideration for the management services shall be as follows:

- (1) a monthly remuneration of HKD100,000; and
- (2) 8 per cent of purchase amounts in respect of overseas procurements of methanol, sliver, ethylene and propylene from overseas suppliers with a cap not exceeding 5 per cent of the audited net profit of the Group (after taxation and minority interests and payment of such sum but excluding extraordinary and exceptional items) in respect of each financial year.

The monthly remuneration is determined by the Board with reference to the duties, responsibilities and contributions to the Group by Grand Novel.

Historical transactions figures and proposed annual caps

The annual caps for the management services for the three years ending 31 October 2020 were RMB50,000,000, RMB50,000,000 and RMB50,000,000 respectively.

For the two years ended 31 October 2018 and 2019 and the 10-month period ended 31 August 2020, the historical transaction figures were as follows:

	For the year ending 31 October		For the 10-month period ended 31 August
	2018	2019	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total amount paid by the Group to Grand Novel	21,038	17,981	18,797

Based on:

- (1) the historical figures of the relevant transactions set out above;
- (2) a preliminary assessment of the remuneration and bonus amount payable based on the estimated business development and financial performance of the Group since 2010 after the listing of the Company on the Main Board of the Stock Exchange;
- (3) the financial performance of the Group and the amount of methanol, sliver, ethylene and propylene from overseas suppliers obtained by the Group since 2010 after the listing of the Company on the Main Board of the Stock Exchange;

- (4) the expected amount of methanol, sliver, ethylene and propylene from overseas suppliers required by the Group for each of the three years ending 30 November 2023; and
- (5) the estimated market price for methanol, sliver, ethylene and propylene from overseas suppliers for each of the three years ending 30 November 2023,

it is expected that the estimated annual caps for the management services for each of the three years ending 30 November 2023 will be as follows:

	For the year ending 30 November		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Annual caps	70,000	70,000	70,000

Such projection is assumed solely for determining the annual caps and shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of the Group.

REASONS FOR THE TRANSACTIONS

The principal activities of the Group are the manufacture and supply of ethylene oxide, ethylene glycol, polypropylene, methyl tert-butyl ether and surfactants in the PRC. The Group was also engaged in the provision of processing services for polypropylene, methyl tert-butyl ether and surfactants to its customers and the production and supply of other chemical products such as C4, pentene and industrial gases, namely oxygen, nitrogen and argon in the PRC.

Jiahua Energy Chemical Co. is a limited liability company established in the PRC and is principally engaged in the business of production and trading of desalinated water, steam, chlorine gas and sulfuric acid. Jiahua Energy Chemical Co. is currently listed on the Shanghai Stock Exchange (stock code: 600273). Other than Jiahua, there are no other shareholders who individually hold more than 10% or above interests in Jiahua Energy Chemical Co..

Grand Novel is a limited liability company incorporated in the British Virgin Islands and is principally engaged in the provision of management services and advices as to sourcing of chemical goods from overseas suppliers.

(1) Reasons for entering into the Fatty Alcohol Supply Agreement

Fatty alcohol is a major raw material used by the Group in the production of AEO surfactants. Since the second half of 2013, Jiahua Energy Chemical Co. has been producing fatty alcohol and offering fatty alcohol for sale. As the production base of the Group is situated close to that of Jiahua Energy Chemical Co., the transportation costs of fatty alcohol from Jiahua Energy Chemical Co. to the Group can be reduced. In view of the geographical proximity and to secure a constant and stable supply of fatty alcohol for its production purposes on fair commercial terms and at a reasonable price, the Group entered into the Fatty Alcohol Supply Agreement with Jiahua Energy Chemical Co..

(2) Reasons for entering into the Sanjiang Chemical Ethylene Storage Services Agreement

As the production base of the Group is situated close to that of Jiahua Energy Chemical Co., the transportation costs of ethylene to Jiahua Energy Chemical Co. from the Group can be reduced. It is also uneconomical for Jiahua Energy Chemical Co. to look for other ethylene storage service providers given the geographic proximity of the Group and Jiahua Energy Chemical Co.. The Sanjiang Chemical Ethylene Storage Services Agreement is non-exclusive and non-compulsory in nature, which allows the Group to maximize the usage of ethylene storage capacity at the time of having spare capacity. In view of the foregoing reasons, the Group entered into the Sanjiang Chemical Ethylene Storage Services Agreement with Jiahua Energy Chemical Co..

(3) Reasons for entering into the Condensate Water Purchase Agreements

Condensate water is a by-product and is generated during the process of using steam adding heat to the reactors. Given Jiahua Energy Chemical Co. is the only company that provides steam in the Zhapu area of Jiaying City, the PRC, which is the same economic development zone where Sanjiang Chemical and Xing Xing is located, it is not economical for Sanjiang Chemical and Xing Xing to sell condensate water to other steam suppliers outside the Zhapu area. As the production base of the Group is situated close to that of Jiahua Energy Chemical Co., the transportation costs of condensate water to Jiahua Energy Chemical Co. from the Group can be reduced. Further, as the Group has an existing transmission network for condensate water in place for transmission of condensate water to Jiahua Energy Chemical Co., the Group can supply condensate water to Jiahua Energy Chemical Co. without incurring additional fixed cost. In view of foregoing reasons, the Group entered into the Condensate Water Purchase Agreements with Jiahua Energy Chemical Co..

(4) Reasons for entering into the Desalinated water and Miscellaneous Materials Supply Agreements

Desalinated water and miscellaneous materials are used during the process of the absorption of ethylene and propylene in the production process. Given Jiahua Energy Chemical Co. is the only company that provides desalinated water and miscellaneous materials in the Zhapu area of Jiaying City, the PRC, which is the same economic development zone where Sanjiang Chemical, Sanjiang New Material and Xing Xing are located, it is not economical for Sanjiang Chemical, Sanjiang New Material and Xing Xing to source desalinated water and miscellaneous materials from other suppliers. As the production base of Sanjiang Chemical, Sanjiang New Material and Xing Xing is situated close to that of Jiahua Energy Chemical Co., transportation costs of desalinated water and miscellaneous materials from Jiahua Energy Chemical Co. to Sanjiang Chemical, Sanjiang New Material and Xing Xing can be reduced. Moreover, Jiahua Energy Chemical Co. has been supplying desalinated water and miscellaneous materials to the Group since the year ended 31 December 2007 and the quality of goods and services provided by them have been considered by the Group to be satisfactory. Further, as Sanjiang Chemical, Sanjiang New Material and Xing Xing have an existing transmission network for desalinated water and miscellaneous materials in place for transmission of desalinated water and miscellaneous materials from Jiahua Energy Chemical Co., Sanjiang Chemical, Sanjiang New Material and Xing Xing can accordingly procure the supply of desalinated water and miscellaneous materials from Jiahua Energy Chemical Co. without incurring additional fixed costs. In view of the foregoing reasons, Sanjiang Chemical, Sanjiang New Material and Xing Xing entered into the Desalinated Water and Miscellaneous Materials Supply Agreements with Jiahua Energy Chemical Co..

(5) Reasons for entering into Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement

The entering into of the Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement will enable the Group to extend its business relationships between the Group and Jiahua Energy Chemical Co. and further bring synergies to the parties. In addition, as the production base of the Group is situated close to that of Jiahua Energy Chemical Co., the delivery costs of goods to be borne by the Group can be reduced. The Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement is non-exclusive and non-compulsory in nature, which allows the Group to maximize the usage of its relevant production facilities for gas and miscellaneous material production at the time of having spare capacity. In view of the foregoing reasons, the Group entered into the Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement with Jiahua Energy Chemical Co..

(6) Reasons for entering into the Grand Novel Management Agreement

The Company has previously appointed Grand Novel in April 2013 and in November 2017 as the manager of the Company to provide services in relation to, among others, the management and procurement of Ms. Han and Mr. Guan to serve the Company with regard to the development and expansion of its business as the Board may reasonably direct.

The Company entered into the Grand Novel Management Agreement with the intention of the Company to retain Ms. Han, who has extensive experience in the chemical industry, to secure her services to the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of each of the (1) Fatty Alcohol Supply Agreement, (2) Sanjiang Chemical Ethylene Storage Services Agreement, (3) Condensate Water Purchase Agreements, (4) Desalinated water and Miscellaneous Materials Supply Agreements, (5) Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement and (6) Grand Novel Management Agreement are fair and reasonable and on normal commercial terms and in the ordinary and usual course of business of the Group and that the entering into each of the (1) Fatty Alcohol Supply Agreement, (2) Sanjiang Chemical Ethylene Storage Services Agreement, (3) Condensate Water Purchase Agreements, (4) Desalinated water and Miscellaneous Materials Supply Agreements, (5) Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement and (6) Grand Novel Management Agreement is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATION

Jiahua Energy Chemical Co. is owned as to approximately 40.86% by Jiahua, which is ultimately controlled by Mr. Guan and Ms. Han whereas Grand Novel is owned as to 100% by Mr. Guan.

As Ms. Han is the wife of Mr. Guan and is an executive Director and Mr. Guan is a controlling Shareholder of the Company, each of Jiahua Energy Chemical Co. and Grand Novel is therefore an associate of Mr. Guan and Ms. Han and is thus a connected person of the Company and the transactions contemplated under each of the (1) Fatty Alcohol Supply Agreement, (2) Sanjiang Chemical Ethylene Storage Services Agreement, (3) Condensate Water Purchase Agreements, (4) Desalinated Water and Miscellaneous Materials Supply Agreements, (5) Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement and (6) Grand Novel Management Agreement constitute continuing connected transaction(s) of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules:

1. the proposed annual caps under each of the Condensate Water Purchase Agreements are aggregated as (i) they were entered into between members of the Group, as supplier, and a connected person (i.e. Jiahua Energy Chemical Co.), as customer; and (ii) they are of a similar nature relating to the supply of condensate water by members of the Group to the same connected person (i.e. Jiahua Energy Chemical Co.) with similar pricing mechanism; and
2. the proposed annual caps under each of the Desalinated Water and Miscellaneous Materials Supply Agreements are aggregated as (i) they were entered into between members of the Group, as customer, and a connected person (i.e. Jiahua Energy Chemical Co.), as supplier; and (ii) they are of a similar nature relating to the purchase of desalinated water and miscellaneous materials by members of the Group from the same connected person (i.e. Jiahua Energy Chemical Co.) with similar pricing mechanism.

As one or more of the applicable ratios in respect of the proposed annual caps for (i) each of the Fatty Alcohol Supply Agreement, Sanjiang Chemical Ethylene Storage Services Agreement, Condensate Water Purchase Agreements, Desalinated Water and Miscellaneous Materials Supply Agreements and the Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement for the three years ending 31 December 2023 and the Grand Novel Management Agreement for the three years ending 30 November 2023 are more than 0.1% but less than 5%, the transactions contemplated under each of the (1) Fatty Alcohol Supply Agreement, (2) Sanjiang Chemical Ethylene Storage Services Agreement, (3) Condensate Water Purchase Agreements, (4) Desalinated Water and Miscellaneous Materials Supply Agreements, (5) Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement and (6) Grand Novel Management Agreement are therefore subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Ms. Han was interested in each of the (1) Fatty Alcohol Supply Agreement, (2) Sanjiang Chemical Ethylene Storage Services Agreement, (3) Condensate Water Purchase Agreements, (4) Desalinated Water and Miscellaneous Materials Supply Agreements, (5) Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement and (6) Grand Novel Management Agreement and she therefore abstained from voting on the board resolutions of the Company approving each of them and the transactions contemplated thereunder. Save as disclosed, none of the Directors had any material interest in each of the (1) Fatty Alcohol Supply Agreement, (2) Sanjiang Chemical Ethylene Storage Services Agreement, (3) Condensate Water Purchase Agreements, (4) Desalinated water and Miscellaneous Materials Supply Agreements, (5) Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement and (6) Grand Novel Management Agreement and none of them were required to abstain from voting on the board resolutions of the Company in respect thereof.

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;
“Capitol International”	Capitol International Limited, a company incorporated in Hong Kong with limited liability and is a directly wholly-owned subsidiary 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;
“Condensate Water Purchase Agreement(s)”	the condensate water purchase agreements entered into between (i) Sanjiang Chemical and Jiahua Energy Chemical Co.; and (ii) Xing Xing and Jiahua Energy Chemical Co. both dated 11 December 2020 regarding the purchase of condensate water by Jiahua Energy Chemical Co. from Sanjiang Chemical and Xing Xing respectively;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Desalinated Water and Miscellaneous Materials Supply Agreement(s)”	the desalinated water and miscellaneous materials supply agreements entered into between (i) Sanjiang Chemical and Jiahua Energy Chemical Co.; (ii) Sanjiang New Material and Jiahua Energy Chemical Co.; and (iii) Xing Xing and Jiahua Energy Chemical Co., all of which are dated 11 December 2020 regarding the supply of desalinated water and miscellaneous materials by Jiahua Energy Chemical Co. to each of Sanjiang Chemical, Sanjiang New Material and Xing Xing;
“Director(s)”	the director(s) of the Company;
“EG”	ethylene glycol;
“EO”	ethylene oxide;
“Fatty Alcohol Supply Agreement”	the fatty alcohol supply agreement entered into between Sanjiang Chemical and Jiahua Energy Chemical Co. dated 11 December 2020 regulating the supply of fatty alcohol by Jiahua Energy Chemical Co. to Sanjiang Chemical;

“Grand Novel”	Grand Novel Developments Limited (浩新發展有限公司), a limited liability company incorporated in the British Virgin Islands and is owned directly as to 100% by Mr. Guan;
“Grand Novel Management Agreement”	the management agreement entered into between the Company, Capitol International and Grand Novel dated 11 December 2020;
“Group”	the Company and its subsidiaries, from time to time;
“HKD”	Hong Kong Dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Jiahua”	浙江嘉化集團股份有限公司 (Zhejiang Jiahua Group Co., Ltd.*), a joint stock company established in the PRC with limited liability on 15 March 2000 and a company which is ultimately controlled by Mr. Guan and Ms. Han;
“Jiahua Energy Chemical Co.”	浙江嘉化能源化工股份有限公司 (Zhejiang Jiahua Energy Chemical Co. Ltd.*) (formerly known as 浙江嘉化工業園投資發展有限公司 (Zhejiang Jiahua Industrial Park Investment and Development Co., Ltd.*)), a company established in the PRC with limited liability on 20 January 2001 and a non-wholly owned subsidiary of Jiahua and currently listed on the Shanghai Stock Exchange (stock code: 600273);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macau Special Administrative Region of the PRC;
“Mr. Guan”	Mr. Guan Jianzhong, a controlling Shareholder of the Company, and the spouse of Ms. Han;
“Ms. Han”	Ms. Han Jianhong, an executive Director, and the spouse of Mr. Guan;
“MT”	metric tonne(s);
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;

“Sanjiang Chemical”	三江化工有限公司 (Sanjiang Chemical Co. Ltd.*), a company established in the PRC with limited liability on 9 December 2003, which is an indirect wholly-owned subsidiary of the Company;
“Sanjiang Chemical Ethylene Storage Services Agreement”	the ethylene storage services agreement entered into between Sanjiang Chemical and Jiahua Energy Chemical Co. dated 11 December 2020 pursuant to which, Sanjiang Chemical has agreed to provide ethylene storage services to Jiahua Energy Chemical Co. for the three years ending 31 December 2023;
“Sanjiang Chemical Gas and Miscellaneous Materials Sales Agreement”	the gas and miscellaneous materials sales agreement entered into between Sanjiang Chemical and Jiahua Energy Chemical Co. dated 11 December 2020 pursuant to which, Sanjiang Chemical has agreed to supply oxygen and nitrogen gas together with other miscellaneous materials to Jiahua Energy Chemical Co. for the three years ending 31 December 2023;
“Sanjiang Haojia”	三江浩嘉高分子材料科技有限公司 (Sanjiang Haojia High Polymer Material Technology Co., Ltd*), a company established in the PRC with limited liability on 28 December 2018, which is an indirect wholly-owned subsidiary of the Company;
“Sanjiang New Material”	浙江三江化工新材料有限公司 (Zhejiang Sanjiang New Material Co., Ltd*), a company established in the PRC with limited liability on 23 December 2011, which is an indirect wholly-owned subsidiary of the Company;
“Shareholder(s)”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Xing Xing” 浙江興興新能源科技有限公司 (Zhejiang Xingxing New Energy Technology Co., Ltd.*), a limited liability company established in the PRC and a non-wholly owned subsidiary of the Company, which is owned as to 87% by Sanjiang Chemical and as to 6%, 3%, 2% and 2% respectively by each of Mr. Guo Jinzong* (郭勁松), Mr. Guo Mingliang* (郭明良), Mr. Guo Mingdong* (郭明東) and Mr. Xin Zhangwei* (殷張偉), all of whom are third parties independent of the Company and its connected persons; and

“%” per cent.

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

The PRC, 11 December 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.

In this announcement, if there is any inconsistency between the Chinese names of individuals and the entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of names or any descriptions in Chinese which are marked with “” is for identification purpose only.*