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吉林奇峰化纖股份有限公司

JILIN QIFENG CHEMICAL FIBER CO., LTD.*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 549)

CONTINUING CONNECTED TRANSACTIONS

On 1 September 2016, the Company and Jimont entered into certain agreements in respect of certain existing recurring transactions with the Company's connected persons that will continue after the end of year 2016 as well as certain new transactions of a recurring nature which will commence in 2017. Such agreements and the transactions contemplated under them will constitute continuing connected transactions of the Company under the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS SUBJECT TO REPORTING AND ANNOUNCEMENT REQUIREMENTS

The 2017 Huidong Agreements

Currently, the Company and Jimont procure sodium bisulfate and chemicals from Huidong for their respective manufacturing operations under the 2013 Huidong Purchase Agreement and the 2016 Jimont-Huidong Auxiliary Materials Supply Agreement, respectively, both of which will expire on 31 December 2016. On 1 September 2016, the Company and Jimont entered into the 2017 Company-Huidong Sodium Bisulfate Purchase Agreement and Jimont entered into the 2017 Jimont-Huidong Sodium Bisulfate Purchase Agreement, respectively, with Huidong, pursuant to which Huidong will continue to supply sodium bisulfate and chemicals to the Company and Jimont.

The 2017 JCFCL Auxiliary Materials Supply Agreements

Currently, the Company and Jimont procure Auxiliary Materials from JCFCL for the operations of the Power Station and the manufacturing operations of the Company and Jimont under the 2013 Company Auxiliary Materials Supply Agreement and the 2013 Jimont Auxiliary Materials Supply Agreement, respectively, both of which will expire on 31 December 2016. On 1 September 2016, the Company and Jimont entered into the 2017 Company Auxiliary Materials Supply Agreement and the 2017 Jimont Auxiliary Materials Supply Agreement, respectively, with JCFCL, pursuant to which JCFCL will continue to supply Auxiliary Materials to the Company and Jimont.

The 2017 Lease Agreement

Currently, the Company leases the Leased Assets, being certain power and utilities production facilities, from JCFCL under the 2013 Lease Agreement, which will expire on 31 December 2016. On 1 September 2016, the Company entered into the 2017 Lease Agreement with JCFCL, pursuant to which the JCFCL agreed to continue to lease the Leased Assets to the Company from 1 January 2017 to 31 December 2019.

Implications under the Listing Rules

Taking into account that the 2017 Huidong Agreements were entered into by the Company and Jimont with Huidong, respectively, on the same date and are related to the purchase of similar types of materials, the Directors consider that it is appropriate to aggregate the transactions under the 2017 Company-Huidong Sodium Bisulfate Purchase Agreement and the 2017 Jimont-Huidong Sodium Bisulfate Purchase Agreement for the purpose of determining the relevant percentage ratios under Chapter 14A of the Listing Rules.

Taking into account that both of the 2017 JCFCL Auxiliary Materials Supply Agreements were entered into by the Company and Jimont with JCFCL, respectively, on the same date and are related to the purchase of the same type of materials, the Directors consider that it is appropriate to aggregate the transactions under the 2017 Company Auxiliary Materials Supply Agreement and the 2017 Jimont Auxiliary Materials Supply Agreement for the purpose of determining the relevant percentage ratios under Chapter 14A of the Listing Rules.

Each of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the transactions under the 2017 Huidong Agreements, the 2017 JCFCL Auxiliary Materials Supply Agreements and the 2017 Lease Agreement, exceeds 0.1% but is lower than 5%. Accordingly, each of the 2017 Huidong Agreements, the 2017 JCFCL Auxiliary Materials Supply Agreements and the 2017 Lease Agreement would be subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS SUBJECT TO REPORTING, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

The 2017 Tuopu Textile Sales Agreements

Currently, the Company and Jimont sell Acrylic Fibre Products to Tuopu Textile under the 2016 Company-Tuopu Textile Sales Agreement and the 2016 Jimont-Tuopu Textile Sales Agreement, respectively, both of which will expire on 31 December 2016. On 1 September 2016, the Company and Jimont entered into the 2017 Company-Tuopu Textile Sales Agreement and the 2017 Jimont-Tuopu Textile Sales Agreement, respectively, with Tuopu Textile, pursuant to which the Company and Jimont will continue to sell Acrylic Fibre Products to Tuopu Textile from 1 January 2017 to 31 December 2019.

The 2017 Furunde Sales Agreements

Currently, the Company and Jimont sell Acrylic Fibre Products to Furunde under the 2013 Company-Furunde Acrylic Fibre Products Sales Agreement and the 2013 Jimont-Furunde Acrylic Fibre Products Sales Agreement, respectively, both of which will expire on 31 December 2016. On 1 September 2016, the Company and Jimont entered into the 2017 Company-Furunde Acrylic Fibre Products Sales Agreement and the 2017 Jimont-Furunde Acrylic Fibre Products Sales Agreement, respectively, with Furunde, pursuant to which the Company and Jimont will continue to sell Acrylic Fibre Products to Furunde from 1 January 2017 to 31 December 2019.

On 1 September 2016, the Board proposed to revise the annual caps for transactions under the 2013 Company-Furunde Acrylic Fibre Products Sales Agreement and the 2013 Jimont-Furunde Acrylic Fibre Products Sales Agreement.

The 2017 JCF Import Export Sales Agreements

Currently, the Company and Jimont sell Acrylic Fibre Products to JCF Group Import Export under the 2014 Company-JCF Import Export Sales Agreement and the 2014 Jimont-JCF Import Export Sales Agreement, respectively, both of which will expire on 31 December 2016. On 1 September 2016, the Company and Jimont entered into 2017 Company-JCF Import Export Sales Agreement and the 2017 Jimont-JCF Import Export Sales Agreement, respectively, with JCF Group Import Export, pursuant to which the Company and Jimont will continue to provide Acrylic Fibre Products to JCF Group Import Export from 1 January 2017 to 31 December 2019.

The 2017 Furunde Acrylonitrile Supply Agreements

Currently, the Company procure acrylonitrile from Furunde under the 2016 Acrylonitrile Supply Agreement, which will expire on 31 December 2016. On 1 September 2016, the Company entered into the 2017 Company-Furunde Acrylonitrile Supply Agreement with Furunde pursuant to which Furunde will continue to provide acrylonitrile to the Company from 1 January 2017 to 31 December 2019. In addition, on 1 September 2016, Jimont entered into the 2017 Jimont-Furunde Acrylonitrile Supply Agreement with Furunde pursuant to which Furunde will provide acrylonitrile to Jimont from 1 January 2017 to 31 December 2019.

The 2017 Utilities and Services Provision Agreements

Currently, the Company is supplying the Utilities and Water Treatment Services to JCFCL and Aika under the 2013 JCFCL Utilities and Services Provision Agreement and the 2013 Aika Utilities and Services Provision Agreement, respectively, and both of which will expire on 31 December 2016. On 1 September 2016, the Company entered into the 2017 JCFCL Utilities and Services Provision Agreement and the 2017 Aika Utilities and Services Provision Agreement with JCFCL and Aika, respectively, pursuant to which the Company will continue to supply the Utilities and Water Treatment Services to JCFCL and Aika, from 1 January 2017 to 31 December 2019. In addition, the Company entered into the 2017 Kaimeike Utilities and Services Provision Agreement with Kaimeike pursuant to which the Company will provide Utilities and Water Treatment Services to Kaimeike from 1 January 2017 to 31 December 2019.

Implications under the Listing Rules

Taking into account that the 2017 Company-Tuopu Textile Sales Agreement, the 2017 Jimont-Tuopu Textile Sales Agreement, the 2017 Company-Furunde Acrylic Fibre Products Sales Agreement, the 2017 Jimont-Furunde Acrylic Fibre Products Sales Agreement, the 2017 Company-JCF Import Export Sales Agreement and the 2017 Jimont-JCF Import Export Sales Agreement were entered into by the Company and Jimont with Tuopu Textile, Furunde and JCF Group Import Export, respectively on the same date and are related to the same type of transaction, and the Board proposed to revise the existing annual caps under the 2013 Company-Furunde Acrylic Fibre Products Sales Agreement and the 2013 Jimont-Furunde Acrylic Fibre Products Sales Agreement on the same date and are related to the same type of transaction, the Directors consider that it is appropriate to aggregate the transactions under the 2017 Company-Tuopu Textile Sales

Agreement, the 2017 Jimont-Tuopu Textile Sales Agreement, the 2017 Company-Furunde Acrylic Fibre Products Sales Agreement, the 2017 Jimont-Furunde Acrylic Fibre Products Sales Agreement, the 2017 Company-JCF Import Export Sales Agreement, the 2017 Jimont-JCF Import Export Sales Agreement and the 2013 Furunde Sales Agreements Revised Caps for the purpose of determining the relevant percentage ratios under Chapter 14A of the Listing Rules.

Taking into account that the 2017 Company-Furunde Acrylonitrile Supply Agreement and the 2017 Jimont-Furunde Acrylonitrile Supply Agreement were entered into by the Company and Jimont with Furunde, respectively, on the same date and are related to the same type of transaction, the Directors consider that it is appropriate to aggregate the transactions under the 2017 Company-Furunde Acrylonitrile Supply Agreement and the 2017 Jimont-Furunde Acrylonitrile Supply Agreement for the purpose of determining the relevant percentage ratios under Chapter 14A of the Listing Rules.

In view of the identical nature of transactions under the 2017 JCFCL Utilities and Services Provision Agreement, the 2017 Aika Utilities and Services Provision Agreement and the 2017 Kaimeike Utilities and Services Provision Agreement and the fact that the counterparties thereof are all associates of the controlling shareholder of the Company, JCF Groupco, the Directors considered it appropriate to aggregate the transactions under the 2017 Utilities and Services Provision Agreements for the purpose of determining the relevant percentage ratios under Chapter 14A of the Listing Rules.

Each of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the transactions under each of the 2017 Tuopu Textile Sales Agreements, the 2017 Furunde Sales Agreements, the 2017 JCF Import Export Sales Agreements, the 2017 Furunde Acrylonitrile Supply Agreements, the 2017 Utilities and Services Provision Agreements and the 2013 Furunde Sales Agreements Revised Caps, on an aggregated basis, is expected to be greater than 5% and the annual consideration is expected to be greater than HK\$10.0 million.

Accordingly, the 2017 Tuopu Textile Sales Agreement, the 2017 Furunde Sales Agreements, the 2017 JCF Import Export Sales Agreements, the 2017 Furunde Acrylonitrile Supply Agreements, and the 2017 Utilities and Services Provision Agreements and the transactions contemplated thereunder and the 2013 Furunde Sales Agreements Revised Caps are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Extraordinary General Meeting

The EGM will be convened as soon as practicable at which an ordinary resolution will be proposed for the Independent Shareholders to consider and, if thought fit, approve each of the 2017 Tuopu Textile Sales Agreements, the 2017 Furunde Sales Agreements, the 2017 JCF Import Export Sales Agreements, the 2017 Furunde Acrylonitrile Supply Agreements, and the 2017 Utilities and Services Provision Agreements, the transactions contemplated thereunder, and the relevant annual caps and the 2013 Furunde Sales Agreements Revised Caps .

A circular containing, inter alia, (1) further information on the 2017 Tuopu Textile Sales Agreements, the 2017 Furunde Sales Agreements, the 2017 JCF Import Export Sales Agreements, the 2017 Furunde Acrylonitrile Supply Agreements, the 2017 Utilities and Services Provision Agreements and the 2013 Furunde Sales Agreements Revised Caps ; (2) the notice of the EGM; (3) the letter from First Shanghai Capital Limited to both the independent board committee of the Directors and the Independent Shareholders; and (4) the recommendation of the independent board committee and the connected transactions committee of the Directors to the Independent Shareholders, will be dispatched to the Shareholders no later than 23 September 2016.

1. INTRODUCTION

Reference is made to the announcements of the Company dated 27 September 2013, 31 December 2013, 7 July 2014, 25 May 2016 and 15 June 2016 (the “**CCT Announcements**”).

On 1 September 2016, the Company and Jimont entered into certain agreements in respect of certain existing recurring transactions with the Company’s connected persons that will continue after the end of year 2016. Please refer to the CCT Announcements to the existing continuing connected transactions which will continue after the end of year 2016 pursuant to the relevant agreements. The Company and Jimont also entered into certain new transactions of a recurring nature with the Company’s connected persons which will commence in 2017. These agreements and the transactions contemplated under them will constitute continuing connected transactions of the Company under the Listing Rules.

The Agreements

On 1 September 2016, the Company entered into the 2017 Huidong Purchase Agreement with Huidong and Jimont entered into the 2017 Jimont-Huidong Auxiliary Materials Supply Agreement with Huidong. For further information regarding the particular of these agreements, please refer to the section headed “2. THE 2017 HUIDONG AGREEMENTS”.

On 1 September 2016, the Company entered into the 2017 Company Auxiliary Materials Supply Agreement with JCFCL and Jimont entered into the 2017 Jimont Auxiliary Materials Supply Agreement with JCFCL. For further information regarding the particular of these agreements, please refer to the section headed “3. THE 2017 JCFCL AUXILIARY MATERIALS SUPPLY AGREEMENTS”.

On 1 September 2016, the Company and JCFCL entered into the 2017 Lease Agreement. For further information regarding the particular of these agreements, please refer to the section headed “4. THE 2017 LEASE AGREEMENT”.

On 1 September 2016, the Company entered into the 2017 Company-Tuopu Textile Sales Agreement with Tuopu Textile and Jimont entered into the 2017 Jimont-Tuopu Textile Sales Agreement with Tuopu Textile. For further information regarding the particular of these agreements, please refer to the section headed “6. THE 2017 TUOPU TEXTILE SALES AGREEMENTS”.

On 1 September 2016, the Company entered into the 2017 Company-Furunde Acrylic Fibre Products Sales Agreement with Furunde and Jimont entered into the 2017 Jimont-Furunde Acrylic Fibre Products Sales Agreement, with Furunde. For further information regarding the particular of these agreements, please refer to the section headed “7. THE 2017 FURUNDE SALES AGREEMENTS”.

On 1 September 2016, the Company entered into the 2017 Company-JCF Import Export Sales Agreement with JCF Group Import Export and Jimont entered into the 2017 Jimont-JCF Import Export Sales Agreement with JCF Group Import Export. For further information regarding the particular of these agreements, please refer to the section headed “8. THE 2017 JCF IMPORT EXPORT AGREEMENTS”.

On 1 September 2016, the Company entered into the 2017 Company-Furunde Acrylonitrile Supply Agreement with Furunde and Jimont entered into the 2017 Jimont-Furunde Acrylonitrile Supply Agreement with Furunde. For further information regarding the particular of these agreements, please refer to the section headed “9. THE 2017 FURUNDE ACYLNITRILE SUPPLY AGREEMENTS”.

On 1 September 2016, the Company entered into the 2017 JCFCL Utilities and Services Provision Agreement, the 2017 Aika Utilities and Services Provision Agreement and the 2017 Kaimeike Utilities and Services Provision Agreement with JCFCL, Aika and Kaimeike, respectively. For further information regarding the particular of these agreements, please refer to the section headed “10. THE 2017 UTILITIES AND SERVICES PROVISION AGREEMENTS”.

Relationship between the parties

JCF Groupco, a substantial shareholder of the Company holding approximately 50.01% interest in the Company, is a connected person of the Company.

To the best of the Company’s knowledge, as at the date of this announcement, JCFCL is owned as to 14.5% by JCF Groupco and Furunde is owned as to 100% by JCF Groupco. JCF Groupco, which owns 50.01% of the issued share capital of the Company, is the single largest shareholder of JCFCL and the sole shareholder of Furunde. Kaimeike is a subsidiary of JCFCL. Mr. Song Dewu currently serves as the chairman of the Company, JCFCL and JCF Groupco. Mr. Ma Jun and Mr. Jiang Junzhou serve as directors of the Company and JCFCL. Save as above, there is no other overlapping directorship between JCFCL, JCF Groupco and the Company. JCFCL is an associate of JCF Groupco under the Listing Rules because JCFCL constitutes a subsidiary of JCF Groupco. Furunde is a subsidiary of JCF Groupco, and being an associate of JCF Groupco, is also a connected person of the Company under the Listing Rules.

Each of Tuopu Textile, Huidong and Aika is a subsidiary of JCF Groupco, and hence each of them is a connected person of the Company under the Listing Rules.

Jimont is a joint venture company established in the PRC owned by the Company as to 50%. For the purposes of applying the connected transaction requirements under the Listing Rules, Jimont will be considered as part of the Company. Therefore, transactions between Jimont on the one hand, and connected persons of the Company on the other hand, would constitute connected transactions of the Company. For the purposes of Chapter 14A of the Listing Rules, the relevant percentage ratio tests will be applicable to Jimont as if it was a non-wholly owned subsidiary of the Company.

Accordingly, the transactions under each of the 2017 Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS SUBJECT TO REPORTING AND ANNOUNCEMENT REQUIREMENTS

2. THE 2017 HUIDONG AGREEMENTS

Background

Reference is made to the announcements of the Company dated 31 December 2013 and 15 June 2016. The Company has been procuring sodium bisulfite and chemicals from Huidong for its manufacturing operations under the 2013 Huidong Purchase Agreement which will expire on 31 December 2016 and Jimont has been procuring sodium bisulfate and chemicals from Huidong under the 2016 Jimont-Huidong Auxiliary Materials Supply Agreement which will expire on 31 December 2016. On 1 September 2016, the Company entered into the 2017 Huidong Purchase Agreement with Huidong and Jimont entered into the 2017 Jimont-Huidong Auxiliary Materials Supply Agreement with Huidong pursuant to which the Company and Jimont will continue to procure sodium bisulfate and chemicals from Huidong after the expiration of the 2013 Huidong Purchase Agreement and the 2016 Jimont-Huidong Auxiliary Materials Supply Agreement.

(i) 2017 Company-Huidong Sodium Bisulfate Purchase Agreement

Principal Terms

Date of agreement:	1 September 2016
Parties:	Huidong as seller the Company as purchaser
Subject:	Pursuant to the 2017 Company-Huidong Sodium Bisulfate Purchase Agreement, Huidong has agreed to supply to the Company and the Company has agreed to purchase sodium bisulfate and chemicals from Huidong.

- Term:** The term of the 2017 Company-Huidong Sodium Bisulfate Purchase Agreement will commence on 1 January 2017 and will end on 31 December 2019 (both dates inclusive) and, subject to compliance with relevant laws and requirements relating to continuing connected transactions under the Listing Rules (including reporting, annual review, announcement and Independent Shareholders' approval where applicable), the term of the 2017 Company-Huidong Sodium Bisulfate Purchase Agreement shall be renewable by mutual agreement between the Company and Huidong for terms not longer than three years each thereafter.
- Price:** Pursuant to the 2017 Company-Huidong Sodium Bisulfate Purchase Agreement, Huidong will sell sodium bisulfate and chemicals to the Company at the prevailing market prices of the sodium bisulfate and chemicals and the prices are to be agreed between the parties from time to time. Huidong undertakes that, for products of comparable quality, the prices of sodium bisulfate and chemicals to be sold to the Company will not be higher than the prices at which Huidong sells such sodium bisulfate and chemicals to Independent Third Parties from time to time. The Company will compare the prices offered by Huidong to the prices offered by other Independent Third Parties suppliers to ensure the prices offered by Huidong are fair and reasonable. The Company shall pay the purchase price in cash for the sodium bisulfate and chemicals purchased from the Company's working capital. The Company shall pay the purchase price upon the acceptance of the sodium bisulfate and chemicals delivered by Huidong after inspection.
- Historical figures:** The actual aggregate amount transacted under the 2013 Huidong Purchase Agreement for the two years ended 31 December 2014 and 2015 and the six months ended 30 June 2016 were approximately RMB7.5 million, RMB7.4 million and RMB6.6 million, respectively.

Proposed annual caps: The maximum aggregate amount of purchases by the Company from Huidong under the 2017 Huidong Purchase Agreement (i.e. the annual cap) is estimated not to exceed RMB11 million, RMB11 million and RMB11 million for each of the three years ending 31 December 2017, 2018 and 2019, respectively.

(ii) 2017 Huidong-Jimont Sodium Bisulfate Purchase Agreement

Principal Terms

Date of agreement: 1 September 2016

Parties: Huidong as seller
Jimont as purchaser

Subject: Pursuant to the 2017 Huidong-Jimont Sodium Bisulfate Purchase Agreement, Huidong has agreed to supply to Jimont and Jimont has agreed to purchase sodium bisulfate and chemicals from Huidong.

Term: The term of the 2017 Huidong-Jimont Sodium Bisulfate Purchase Agreement will commence on 1 January 2017 and will end on 31 December 2019 (both dates inclusive) and, subject to compliance with relevant laws and requirements relating to continuing connected transactions under the Listing Rules (including reporting, annual review, announcement and Independent Shareholders' approval where applicable), the term of the 2017 Huidong-Jimont Sodium Bisulfate Purchase Agreement shall be renewable by mutual agreement between Jimont and Huidong for terms not longer than three years each thereafter.

- Price: Pursuant to the 2017 Huidong-Jimont Sodium Bisulfate Purchase Agreement, Huidong will sell sodium bisulfate and chemicals to Jimont at the prevailing market prices of sodium bisulfate and chemicals and the prices are to be agreed between the parties from time to time. Huidong undertakes that, for products of comparable quality, the prices of sodium bisulfate and chemicals and chemicals to be sold to Jimont will not be higher than the prices at which Huidong sells such sodium bisulfate and chemicals to Independent Third Parties from time to time. Jimont will compare the prices offered by Huidong to the prices offered by other Independent Third Parties suppliers to ensure the prices offered by Huidong are fair and reasonable. Jimont shall pay the purchase price in cash for the sodium bisulfate and chemicals purchased from Jimont's working capital. Jimont shall pay the purchase price upon the acceptance of the sodium bisulfate and chemicals delivered by Huidong after inspection.
- Historical figures: The actual aggregate amount transacted under the 2016 Huidong-Jimont Auxiliary Materials Sales Agreement since the date of the agreement of 15 June 2016 up to the date of this announcement was nil.
- Proposed annual caps: The maximum aggregate amount of purchases by Jimont from Huidong under the 2017 Huidong-Jimont Sodium Bisulfate Purchase Agreement (i.e. the annual cap) is estimated not to exceed RMB13.5 million, RMB13.5 million and RMB13.5 million for each of the three years ending 31 December 2017, 2018 and 2019, respectively.

Reasons for and benefits of the 2017 Huidong Agreements

Sodium bisulfate is used as a type of consumable auxiliary material in the manufacturing operation of the Company and Jimont. As Huidong is located close to the production facilities of the Company and Jimont, the purchase of sodium bisulfate and chemicals from Huidong enable the Company and Jimont to save transportation costs. In addition, due to production safety issue, another major sodium bisulfate supplier in Jilin is unable to guarantee a stable supply. Accordingly, the Directors consider that it is beneficial to the Company and Jimont and in the interests of the Shareholders for the Company and Jimont to enter into the 2017 Company-Huidong Sodium Bisulfate Purchase Agreement and the 2017 Huidong-Jimont Sodium Bisulfate Purchase Agreement, respectively, with Huidong.

The Board (including the independent non-executive Directors) considers that the terms and annual caps of each of the 2017 Huidong Agreements are fair and reasonable, and are in the interests of the Company and the Shareholders, taken as a whole.

As no Director has a material interest in the transactions under each of the 2017 Huidong Agreements, none of the Directors has abstained from voting on the relevant board resolution approving the 2017 Company-Huidong Sodium Bisulfate Purchase Agreement and the 2017 Huidong-Jimont Sodium Bisulfate Purchase Agreement.

Aggregation

Taking into account that the 2017 Huidong Agreements were entered into by the Company and Jimont with Huidong, respectively, on the same date and are related to the purchase of similar types of materials, the Directors consider that it is appropriate to aggregate the transactions under the 2017 Company-Huidong Sodium Bisulfate Purchase Agreement and the 2017 Huidong-Jimont Sodium Bisulfate Purchase Agreement for the purpose of determining the relevant percentage ratios under Chapter 14A of the Listing Rules.

3. THE 2017 JCFCL AUXILIARY MATERIALS SUPPLY AGREEMENTS

Background

Reference is made to the announcement of the Company dated 31 December 2013. The Company and Jimont have been procuring Auxiliary Materials from JCFCL for their manufacturing operations under the 2013 Company Auxiliary Materials Supply Agreement and the 2013 Jimont Auxiliary Materials Supply Agreement, respectively, which will expire on 31 December 2016. On 1 September, the Company entered into the 2017 Company Auxiliary Materials Supply Agreement with JCFCL and Jimont

entered into the 2017 Jimont Auxiliary Materials Supply Agreement with JCFCL, pursuant to which the Company and Jimont will procure Auxiliary Materials from JCFCL after the expiration of the 2013 Company Auxiliary Materials Supply Agreement and the 2013 Jimont Auxiliary Materials Supply Agreement, respectively.

(i) 2017 Company Auxiliary Materials Supply Agreement

Principal Terms

Date of agreement: 1 September 2016

Parties: JCFCL as seller
the Company as purchaser

Subject: Pursuant to the 2017 Company Auxiliary Materials Supply Agreement, JCFCL has agreed to supply to the Company and the Company has agreed to purchase Auxiliary Materials from JCFCL.

Term: The term of the 2017 Company Auxiliary Materials Supply Agreement will commence on 1 January 2017 and will end on 31 December 2019 (both dates inclusive) and, subject to compliance with relevant laws and requirements relating to continuing connected transactions under the Listing Rules (including reporting, annual review, announcement and Independent Shareholders' approval where applicable), the term of the 2017 Company Auxiliary Materials Supply Agreement shall be renewable by mutual agreement between the Company and JCFCL for terms not longer than three years each thereafter.

- Price:** Pursuant to the 2017 Company Auxiliary Materials Supply Agreement, JCFCL will sell Auxiliary Materials to the Company at the prevailing market prices of the Auxiliary Materials and the prices are to be agreed between the parties from time to time. JCFCL undertakes that, for products of comparable quality, the prices of Auxiliary Materials to be sold to the Company will not be higher than the prices the Company can obtain from Independent Third Parties. The Company will compare the prices offered by JCFCL to the prices offered by other Independent Third Parties suppliers to ensure the prices offered by JCFCL are fair and reasonable. The Company shall pay the purchase price in cash for the Auxiliary Materials purchased from the Company's working capital. The Company shall pay the purchase price upon the acceptance of the Auxiliary Materials delivered by JCFCL after inspection.
- Historical figures:** The actual aggregate amount transacted under the 2013 Company Auxiliary Materials Supply Agreement for the two years ended 31 December 2014 and 2015 and the six months ended 30 June 2016 were approximately RMB1.7 million, RMB1.5 million and RMB1.5 million, respectively.
- Proposed annual caps:** The maximum aggregate amount of purchases by Jimont from JCFCL under the 2017 Jimont Auxiliary Materials Supply Agreement (i.e. the annual cap) is estimated not to exceed RMB4 million, RMB4 million and RMB4 million for each of the three years ending 31 December 2017, 2018 and 2019, respectively.

(ii) 2017 Jimont Auxiliary Materials Supply Agreement

Principal Terms

Date of agreement: 1 September 2016

Parties: JCFCL as seller
Jimont as purchaser

Subject: Pursuant to the 2017 Jimont Auxiliary Materials Supply Agreement, JCFCL has agreed to supply to Jimont and Jimont has agreed to purchase Auxiliary Materials from JCFCL.

Term: The term of the 2017 Jimont Auxiliary Materials Supply Agreement will commence on 1 January 2017 and will end on 31 December 2019 (both dates inclusive) and, subject to compliance with relevant laws and requirements relating to continuing connected transactions under the Listing Rules (including reporting, annual review, announcement and Independent Shareholders' approval where applicable), the term of the 2017 Jimont Auxiliary Materials Supply Agreement shall be renewable by mutual agreement between Jimont and JCFCL for terms not longer than three years each thereafter.

Price: Pursuant to the 2017 Jimont Auxiliary Materials Supply Agreement, JCFCL will sell Auxiliary Materials to Jimont at the prevailing market prices of the Auxiliary Materials and the prices are to be agreed between the parties from time to time. JCFCL undertakes that, for products of comparable quality, the prices of Auxiliary Materials to be sold to Jimont will not be higher than the prices those Jimont can obtain from Independent Third Parties. Jimont will compare the prices offered by JCFCL to the prices offered by other Independent Third Parties suppliers to ensure the prices offered by JCFCL are fair and reasonable. Jimont shall pay the purchase price in

cash for the Auxiliary Materials purchased from Jimont's working capital. Jimont shall pay the purchase price upon the acceptance of the Auxiliary Materials delivered by JCFCL after inspection.

Historical figures: The actual aggregate amount transacted under the 2013 Jimont Auxiliary Materials Supply Agreement for the two years ended 31 December 2014 and 2015 and the six months ended 30 June 2016 were approximately RMB0.6 million, RMB0.3 million and RMB0.3 million, respectively.

Proposed annual caps: The maximum aggregate amount of purchases by the Jimont from JCFCL under the 2017 Jimont Auxiliary Materials Supply Agreement (i.e. the annual cap) is estimated not to exceed RMB1 million, RMB1 million and RMB1 million for each of the three years ending 31 December 2017, 2018 and 2019, respectively.

Reasons for and benefits of the 2017 JCFCL Auxiliary Materials Supply Agreements

The Auxiliary Materials are required for the operations of the Power Station and the Company and Jimont's manufacturing operations. It would be more cost efficient for the Company and Jimont to purchase the same from JCFCL, which purchases the Auxiliary Materials in bulk and is located near the production facilities of the Company and Jimont, and enable the Company and Jimont to minimise transportation and storage costs.

The Board also considers that the quality of the Auxiliary Materials supplied by JCFCL is comparable to that produced by Independent Third Parties. The Board (including independent non-executive Directors) considers that the terms and the annual caps of each of the 2017 JCFCL Auxiliary Materials Supply Agreements are fair and reasonable, and are in the interests of the Company and the Shareholders, taken as a whole.

As no Director has a material interest in the transactions under each of the 2017 JCFCL Auxiliary Materials Supply Agreements, none of the Directors has abstained from voting on the relevant board resolution approving the 2017 Company Auxiliary Materials Supply Agreement and the 2017 Jimont Auxiliary Materials Supply Agreement.

Aggregation

Taking into account that both of the 2017 JCFCL Auxiliary Materials Supply Agreement were entered into by the Company and Jimont with JCFCL, respectively, on the same date and are related to the purchase of the same type of materials, the Directors consider that it is appropriate to aggregate the transactions under the 2017 Company Auxiliary Materials Supply Agreement and the 2017 Jimont Auxiliary Materials Supply Agreement for the purpose of determining the relevant percentage ratios under Chapter 14A of the Listing Rules.

4. THE 2017 LEASE AGREEMENT

Background

Reference is made to the announcement of the Company dated 31 December 2013. The Company has been leasing the Leased Assets from JCFCL under the 2013 Lease Agreement. The Leased Assets are part of the facilities producing utilities operated by the Company. The term of the 2013 Lease Agreement will expire on 31 December 2016. On 1 September 2016, the Company and JCFCL entered into the 2017 Lease Agreement.

(i) 2017 Lease Agreement

Principal Terms

Date of agreement:	1 September 2016
Parties:	JCFCL as lessor the Company as lessee
Subject:	Pursuant to the 2017 Lease Agreement, the JCFCL agreed to lease the Leased Assets to the Company.
Term:	The term of the 2017 Lease Agreement will commence on 1 January 2017 and will end on 31 December 2019 (both dates inclusive) and, subject to compliance with requirements relating to continuing connected transactions under the Listing Rules (including reporting, annual review, announcement and Independent Shareholders' approval where applicable), the term of the 2017 Lease Agreement shall be renewable by mutual agreement between the Company and JCFCL for terms not longer than three years each thereafter.

- Rental: Pursuant to the 2017 Lease Agreement, the annual rental expenses payable by the Company to JCFCL will comprise:
- (a) capital fee equal to the product of the net book value of the Leased Assets, the rate of depreciation and amortization and the prevailing one-year interest rate published by the People's Bank of China ("PBOC");
 - (b) insurance expenses in respect of insurance for the Leased Assets; and
 - (c) property tax applicable to the Leased Assets.

In any event, the rental payable by the Company for the Leased Assets under the 2017 Lease Agreement must not be higher than the rental charged by JCFCL for leasing the same or similar assets to Independent Third Parties.

The rental under the 2017 Lease Agreement shall be settled quarterly.

Historical figures: The actual aggregate amount transacted under the 2013 Lease Agreement for the two years ended 31 December 2014 and 2015 and the six months ended 30 June 2016 were approximately RMB10.9 million, RMB7.9 million and RMB3.5 million, respectively. .

Proposed annual caps: The maximum aggregate annual consideration payable by the Company to JCFCL under the 2017 Lease Agreement (i.e. the annual cap) is estimated not to exceed RMB12 million, RMB12 million and RMB12 million, respectively, for each of the three years ending 31 December 2017, 2018 and 2019. The annual caps for the 2017 Lease Agreement as set out above are determined with reference to, among other things, the historical transaction amounts, the annual depreciation of the Leased Assets, annual insurance premium and real estate tax and taking into account increases in borrowing interest rates.

Reasons for and benefits of the 2017 Lease Agreement

Since 2008, the Company has been leasing the Leased Assets and other assets from JCFCL to produce utilities for use by the Company and certain other subsidiaries of JCF Groupco. By operating and managing the set of facilities involved in the production of utilities for use by the Company and the other subsidiaries of JCF Groupco, which comprises the Leased Assets and the Power Station, the Company can better coordinate the production activities of the Company and the supply of utilities, thereby improving the operational efficiency of such facilities and minimizing waste thereof.

The Board (including the independent non-executive Directors) considers that the rental payable by the Company to JCFCL under the 2017 Lease Agreement is determined on arm's length basis, in line with normal commercial terms and that the terms and the relevant annual caps of the 2017 Lease Agreement are fair and reasonable, and are in the interest of the Company and the Shareholders as a whole.

Listing Rules Implications

Each of the relevant percentage ratios (as defined in Rule 14.07) of the Listing Rules for the transactions under the 2017 Huidong Agreements, the 2017 JCFCL Auxiliary Materials Supply Agreements and the 2017 Lease Agreement on an aggregated basis is expected to exceed 0.1% but less than 5% on an annual basis.

Accordingly, each of the 2017 Huidong Agreements, the 2017 JCFCL Auxiliary Materials Supply Agreements and the 2017 Lease Agreement and the transactions contemplated thereunder would be subject to the reporting and announcement requirements under Rule 14A.45 to 14A.47 and the annual review requirements under Rules 14A.37 to 14A.40, but would be exempted under the Independent Shareholders' approval requirements under the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS SUBJECT TO REPORTING, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

5. THE 2017 TUOPU TEXTILE SALES AGREEMENTS

Background

Reference is made to the announcement of the Company dated 15 June 2016. The Company and Jimont have been selling Acrylic Fibre Products to Tuopu Textile under the 2016 Company-Tuopu Textile Sales Agreement and the 2016 Jimont-Tuopu Textile Sales Agreement, respectively. The terms of the 2016 Company-Tuopu Textile

Sales Agreement and the 2016 Jimont-Tuopu Textile Sales Agreement will expire on 31 December 2016. On 1 September 2016, the Company entered into the 2017 Company-Tuopu Textile Sales Agreement with Tuopu Textile and Jimont entered into the 2017 Jimont-Tuopu Textile Sales Agreement with Tuopu Textile.

(i) 2017 Company-Tuopu Textile Sales Agreement

Principal Terms

Date of agreement: 1 September 2016

Parties: The Company as seller
Tuopu Textile as purchaser

Subject: Pursuant to the 2017 Company-Tuopu Textile Sales Agreement, the Company has agreed to supply to Tuopu Textile and Tuopu Textile has agreed to purchase Acrylic Fibre Products from the Company

Term: The term of the 2017 Company-Tuopu Textile Sales Agreement will commence on 1 January 2017 and will end on 31 December 2019 (both dates inclusive) and, subject to compliance with relevant laws and requirements relating to continuing connected transactions under the Listing Rules (including reporting, annual review, announcement and Independent Shareholders' approval where applicable), Company-Tuopu Textile Sales Agreement shall be renewable by mutual agreement between the Company and Tuopu Textile for terms not longer than three years each thereafter.

Price: Pursuant to the 2017 Company-Tuopu Textile Sales Agreement, the price payable by Tuopu Textile will be determined based on normal commercial terms after arm's length negotiation. The price as offered by the Company shall be no less favourable than those offered to Independent Third Parties for products of a similar type. The Company shall review such pricing policy regularly. Tuopu Textile shall pay the purchase price in cash for the Acrylic Fibre Products purchased from its working capital. Tuopu Textile shall make payment to the Company within 3 months after receipt and due inspection of the goods, and overdue payments would be subject to interest charged at a rate to be agreed between the parties until the payment is settled in full.

Historical figures: The actual aggregate amount transacted under the 2016 Company-Tuopu Textile Sales Agreement since the date of the agreement of 15 June 2016 up to the date of this announcement was nil.

Proposed annual caps: The maximum aggregate annual sales from the Company to Tuopu Textile under the 2017 Company-Tuopu Textile Sales Agreement (i.e. the annual cap) is estimated not to exceed RMB32.5 million, RMB32.5 million and RMB32.5 million for each of the three years ending 31 December 2017, 2018 and 2019, respectively.

(ii) 2017 Jimont-Tuopu Textile Sales Agreement

Principal Terms

Date of agreement: 1 September 2016

Parties: Jimont as seller
Tuopu Textile as purchaser

Subject: Pursuant to the 2017 Jimont-Tuopu Textile Sales Agreement, Jimont has agreed to supply to Tuopu Textile and Tuopu Textile has agreed to purchase Acrylic Fibre Products from Jimont

- Term:** The term of the 2017 Jimont-Tuopu Textile Sales Agreement will commence on 1 January 2017 and will end on 31 December 2019 (both dates inclusive) and, subject to compliance with relevant laws and requirements relating to continuing connected transactions under the Listing Rules (including reporting, annual review, announcement and Independent Shareholders' approval where applicable), the 2017 Jimont-Tuopu Textile Sales Agreement shall be renewable by mutual agreement between Jimont and Tuopu Textile for terms not longer than three years each thereafter.
- Price:** Pursuant to the 2017 Jimont-Tuopu Textile Sales Agreement, the price payable by Tuopu Textile will be determined based on normal commercial terms after arm's length negotiation. The price as offered by Jimont shall be no less favourable than those offered to Independent Third Parties for products of a similar type. Jimont shall review such pricing policy regularly. Tuopu Textile shall pay the purchase price in cash for the Acrylic Fibre Products purchased from its working capital. Tuopu Textile shall make payment to Jimont within 3 months after receipt and due inspection of the goods, and overdue payments would be subject to interest charged at a rate to be agreed between the parties until the payment is settled in full.
- Historical figures:** The actual aggregate amount transacted under the 2016 Jimont-Tuopu Textile Sales Agreement for the six months ended 30 June 2016 was approximately RMB3.6 million.
- Proposed annual caps:** The maximum aggregate annual sales from Jimont to Tuopu Textile under the 2017 Jimont-Tuopu Textile Sales Agreement (i.e. the annual cap) is estimated not to exceed RMB32.5 million, RMB32.5 million and RMB32.5 million for each of the three years ending 31 December 2017, 2018 and 2019, respectively.

Reasons for and benefits of the 2017 Tuopu Textile Sales Agreements

The Board considers that it is beneficial to the Company and in the interests of the Shareholders to enter into the 2017 Company-Tuopu Textile Sales Agreement and to procure Jimont to enter into the 2017 Jimont-Tuopu Textile Sales Agreement with Tuopu Textile in respect of the sales of Acrylic Fibre Products given that this would provide a secure source of revenue for the Company during the term of the 2017 Tuopu Textile Sales Agreements.

The Directors (excluding the independent non-executive Directors who reserve their opinion pending advice to be obtained from an independent financial adviser) also consider that the terms of each of the 2017 Tuopu Textile Sales Agreements are fair and reasonable, the transactions thereunder are on normal commercial terms and in the ordinary and usual course of business of the Company and are in the interests of the Company and the Shareholders as a whole.

6. THE 2017 FURUNDE SALES AGREEMENTS

Background

Reference is made to the announcement of the Company dated 27 September 2013. The Company and Jimont have been selling Acrylic Fibre Products to Furunde under the 2013 Company-Furunde Acrylic Fibre Products Sales Agreement and the 2013 Jimont-Furunde Acrylic Fibre Products Sales Agreement, respectively. The terms of the 2013 Company-Furunde Acrylic Fibre Products Sales Agreement and the 2013 Jimont-Furunde Acrylic Fibre Products Sales Agreement will expire on 31 December 2016.

On 1 September 2016, the Company and Jimont entered into the 2017 Company-Furunde Acrylic Fibre Products Sales Agreement and the 2017 Jimont-Furunde Acrylic Fibre Products Sales Agreement, with Furunde, pursuant to which the Company and Jimont will provide Acrylic Fibre Products to Furunde from 1 January 2017 to 31 December 2019.

Principal Terms

Date of agreement:	1 September 2016
Parties:	The Company as seller Furunde as purchaser
Subject:	Pursuant to the 2017 Company-Furunde Acrylic Fibre Products Sales Agreement, the Company has agreed to supply to Furunde and Furunde has agreed to purchase Acrylic Fibre Products from the Company

Term: The term of the 2017 Company-Furunde Acrylic Fibre Products Sales Agreement will commence on 1 January 2017 and will end on 31 December 2019 (both dates inclusive) and, subject to compliance with relevant laws and requirements relating to continuing connected transactions under the Listing Rules (including reporting, annual review, announcement and Independent Shareholders' approval where applicable), the 2017 Company-Furunde Acrylic Fibre Products shall be renewable by mutual agreement between the Company and Furunde for terms not longer than three years each thereafter.

Price: Pursuant to the 2017 Company-Furunde Acrylic Fibre Products Sales Agreement, the price payable by Furunde will be determined based on normal commercial terms after arm's length negotiation. The price as offered by the Company shall be no less favourable than those offered to Independent Third Parties for products of a similar type. The Company shall review such pricing policy regularly. Furunde shall pay the purchase price in cash for the Acrylic Fibre Products purchased from its working capital. The Acrylic Fibre Products provided by the Company will be paid by Furunde within 3 months upon issuance of the invoice by the Company and overdue payments would be subject to interest charged at a rate to be agreed between the parties until the payment is settled in full.

Historical figures: The aggregate amount of contract price paid by Furunde to the Company for the two years ended 31 December 2014 and 2015 and the six months ended 30 June 2016 under the 2013 Company-Furunde Acrylic Fibre Products Sales Agreement, were approximately RMB2.1 million, RMB8.5 million and RMB1.5 million respectively.

Proposed annual caps: The maximum aggregate annual sales from the Company to Furunde under the 2017 Company-Furunde Acrylic Fibre Products Sales Agreement (i.e. the annual cap) is estimated not to exceed RMB100 million, RMB100 million and RMB100 million for each of the three years ending 31 December 2017, 2018 and 2019, respectively.

Principal Terms

Date of agreement: 1 September 2016

Parties: Jimont as seller
Furunde as purchaser

Subject: Pursuant to the 2017 Jimont-Furunde Acrylic Fibre Products Sales Agreement, Jimont has agreed to supply to Furunde and Furunde has agreed to purchase Acrylic Fibre Products from Jimont

Term: The term of the 2017 Jimont-Furunde Acrylic Fibre Products Sales Agreement will commence on 1 January 2017 and will end on 31 December 2019 (both dates inclusive) and, subject to compliance with relevant laws and requirements relating to continuing connected transactions under the Listing Rules (including reporting, annual review, announcement and Independent Shareholders' approval where applicable), the 2017 Jimont-Furunde Acrylic Fibre Products shall be renewable by mutual agreement between Jimont and Furunde for terms not longer than three years each thereafter.

Price: Pursuant to the 2017 Jimont-Furunde Acrylic Fibre Products Sales Agreement, the price payable by Furunde will be determined based on normal commercial terms after arm's length negotiation. The price as offered by Jimont shall be no less favourable than those offered to Independent Third Parties for products of a similar type. Jimont shall review such pricing policy regularly. Furunde shall pay the purchase price in cash for the Acrylic Fibre Products purchased from its working capital. The Acrylic Fibre Products provided by Jimont will be paid by Furunde within 3 months upon issuance of the invoice by Jimont and overdue payments would be subject to interest charged at a rate to be agreed between the parties until the payment is settled in full.

Historical figures: The aggregate amount of contract price paid by Furunde to Jimont for the two years ended 31 December 2014 and 2015 and the six months ended 30 June 2016 under the 2013 Jimont-Furunde Fibre Products Sales Agreement, were nil, approximately RMB7.2 million and RMB4.0 million respectively.

Proposed annual caps: The maximum aggregate annual sales from Jimont to Furunde under the Jimont-Furunde Acrylic Fibre Products Sales Agreement (i.e. the annual cap) is estimated not to exceed RMB100 million, RMB100 million and RMB100 million for each of the three years ending 31 December 2017, 2018 and 2019, respectively.

Revision of approved annual caps

As disclosed in the announcement of the Company dated 27 September 2013, the approved annual caps for transactions under the 2013 Company-Furunde Acrylic Fibre Products Sales Agreement and the 2013 Jimont-Furunde Acrylic Fibre Products Sales Agreement for the year ending 31 December 2016 are RMB10 million and RMB10 million, respectively. Due to the expected increase in the demand from Furunde for the Acrylic Fibre Products to be provided by the Company and Jimont under the 2013 Company-Furunde Acrylic Fibre Products Sales Agreement and the 2013 Jimont-Furunde Acrylic Fibre Products Sales Agreement in 2016 arising from the increase in the demand of Acrylic Fibre Products from third party customers, it

is expected that the approved annual caps of RMB10 million and RMB10 million for 2016 will be exceeded. Therefore, the Board proposed to revise the annual caps for transactions under the 2013 Company-Furunde Acrylic Fibre Products Sales Agreement and the 2013 Jimont-Furunde Acrylic Fibre Products Sales Agreement for the year ending 31 December 2016 to RMB50 million and RMB50 million, respectively.

7. THE 2017 JCF IMPORT EXPORT SALES AGREEMENTS

Background

Reference is made to the announcement of the Company dated 7 July 2014. The Company and Jimont entered into the 2014 Company-JCF Import Export Sales Agreement and the 2014 Jimont-JCF Import Export Sales Agreement, respectively, with JCF Group Import Export, pursuant to which the Company and Jimont will sell Acrylic Fibre Products to JCF Group Import Export. The term of the 2014 Company-JCF Import Export Sales Agreement and the 2014 Jimont-JCF Import Export Sales Agreement will expire on 31 December 2016. On 1 September 2016, the Company and Jimont entered into the 2017 Company-JCF Import Export Sales Agreement and the 2017 Jimont-JCF Import Export Sales Agreement, respectively, with JCF Group Import Export.

(i) 2017 Company-JCF Import Export Sales Agreement

Principal Terms

Date of agreement:	1 September 2016
Parties:	The Company as seller JCF Group Import Export as purchaser
Subject:	Pursuant to the 2017 Company-JCF Import Export Sales Agreement, the Company has agreed to supply and JCF Group Import Export has agreed to purchase Acrylic Fibre Products from the Company

- Term:** The term of the 2017 Company-JCF Import Export Sales Agreement will commence on 1 January 2017 and will end on 31 December 2019 (both dates inclusive) and, subject to compliance with relevant laws and requirements relating to continuing connected transactions under the Listing Rules (including reporting, annual review, announcement and Independent Shareholders' approval where applicable), the 2017 Company-JCF Import Export Sales Agreement shall be renewable by mutual agreement between the Company and JCF Group Import Export for terms not longer than three years each thereafter.
- Price:** Pursuant to the 2017 Company-JCF Import Export Sales Agreement, the price payable by JCF Group Import Export shall not be lower than the prevailing market prices for the relevant Acrylic Fibre Products from time to time. JCF Group Import Export shall pay the purchase price for Acrylic Fibre Products within 90 days after receipt and due inspection of the Acrylic Fibre Products. The Company is entitled to interests accrued on any overdue amount calculated at the base lending rates charged by banks from time to time.
- Historical figures:** The actual aggregate amount transacted under the 2014 Company-JCF Import Export Sales Agreement for the two years ended 31 December 2014 and 2015 and the six months ended 30 June 2016 were approximately RMB0.85 million, RMB45.7 million and RMB28.9 million, respectively.
- Proposed annual caps:** The maximum aggregate annual sales from the Company to JCF Group Import Export under the 2017 Company-JCF Import Export Sales Agreement, (i.e. the annual cap) is estimated not to exceed RMB130 million, RMB130 million and RMB130 million for each of the three years ending 31 December 2017, 2018 and 2019, respectively.

(ii) 2017 Jimont-JCF Import Export Sales Agreement

Principal Terms

Date of agreement:	1 September 2016
Parties:	Jimont as seller JCF Group Import Export as purchaser
Subject:	Pursuant to the 2017 Jimont-JCF Import Export Sales Agreement, Jimont has agreed to supply and JCF Group Import Export has agreed to purchase Acrylic Fibre Products from Jimont
Term:	The term of the 2017 Jimont-JCF Import Export Sales Agreement will commence on 1 January 2017 and will end on 31 December 2019 (both dates inclusive) and, subject to compliance with relevant laws and requirements relating to continuing connected transactions under the Listing Rules (including reporting, annual review, announcement and Independent Shareholders' approval where applicable), the 2017 Jimont-JCF Import Export Sales Agreement shall be renewable by mutual agreement between Jimont and JCF Group Import Export for terms not longer than three years each thereafter.
Price:	Pursuant to the 2017 Jimont-JCF Import Export Sales Agreement, the price payable by JCF Group Import Export shall not be lower than the prevailing market prices for the relevant Acrylic Fibre Products from time to time. JCF Group Import Export shall pay the purchase price for Acrylic Fibre Products within 90 days after receipt and due inspection of the Acrylic Fibre Products. Jimont is entitled to interests accrued on any overdue amount calculated at the base lending rates charged by banks from time to time.
Historical figures:	The actual aggregate amount transacted under the 2014 Jimont-JCF Import Export Sales Agreement for the years ended 31 December 2014 and 2015 and the six months ended 30 June 2016 were approximately RMB2.6 million, RMB107.4 million and RMB184.0 million, respectively.

Proposed annual caps: The maximum aggregate annual sales from Jimont to JCF Group Import Export under the 2017 Jimont-JCF Import Export Sales Agreement (i.e. the annual cap) is estimated not to exceed RMB520 million, RMB520 million and RMB520 million for each of the three years ending 31 December 2017, 2018 and 2019, respectively.

Reasons for and benefits of the 2017 JCF Import Export Sales Agreements

During their ordinary course of business, the Company and Jimont would sell some of their products, including Acrylic Fibre Products, through import and export distributors to those customers who use foreign currencies for settlement of payments, and JCF Group Import Export is engaged in distributing products to customers who use foreign currencies for settlement of payment. By entering into the 2017 JCF Import Export Sales Agreements, the Company and Jimont will be able to utilize JCF Group Import Export's sales distribution network to expand their sales to customers who use foreign currencies for settlement of payments.

The Board considers that the terms of each of the 2017 JCF Import Export Sales Agreements are fair and reasonable, the transactions thereunder are on normal commercial terms and in the ordinary and usual course of business of the Company and are in the interests of the Company and the Shareholders as a whole.

The Directors (excluding the independent non-executive Directors who reserve their opinion pending advice to be obtained from an independent financial adviser) also consider that the terms of each of the 2017 JCF Import Export Sales Agreements are fair and reasonable, the transactions thereunder are on normal commercial terms and in the ordinary and usual course of business of the Company and are in the interests of the Company and the Shareholders as a whole.

Aggregation

Taking into account that the 2017 Company-Tuopu Textile Sales Agreement, the 2017 Jimont-Tuopu Textile Sales Agreement, the 2017 Company-Furunde Acrylic Fibre Products Sales Agreement, the 2017 Jimont-Furunde Acrylic Fibre Products Sales Agreement, the 2017 Company-JCF Import Export Sales Agreement and the 2017 Jimont-JCF Import Export Sales Agreement were entered into by the Company and Jimont with Tuopu Textile, Furunde and JCF Group Import Export, respectively on the same date and are related to the same type of transaction, and the Board proposed to revise the existing annual caps under the 2013 Company-Furunde Acrylic Fibre Products Sales Agreement and the 2013 Jimont-Furunde Acrylic Fibre Products Sales Agreement on the same date and are related to the same type of transaction, the

Directors consider that it is appropriate to aggregate the transactions under the 2017 Company-Tuopu Textile Sales Agreement, the 2017 Jimont-Tuopu Textile Sales Agreement, the 2017 Company-Furunde Acrylic Fibre Products Sales Agreement, the 2017 Jimont-Furunde Acrylic Fibre Products Sales Agreement, the 2017 Company-JCF Import Export Sales Agreement, the 2017 Jimont-JCF Import Export Sales Agreement and the 2013 Furunde Sales Agreements Revised Caps for the purpose of determining the relevant percentage ratios under Chapter 14A of the Listing Rules.

Listing Rules Implications

Each of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the transactions under the 2017 Tuopu Textile Sales Agreements, the 2017 Acrylic Products Sales Agreements, the 2017 JCF Import Export Sales Agreements and the 2013 Furunde Sales Agreements Revised Caps on an aggregated basis is expected to be greater than 5% and the annual consideration in respect of such transactions is expected to be greater than HK\$10.0 million.

Accordingly, each of the 2017 Tuopu Textile Sales Agreements, the 2017 Furunde Sales Agreements and the 2017 JCF Import Export Sales Agreements and the transactions contemplated thereunder and the 2013 Furunde Sales Agreements Revised Caps are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company undertakes to comply with the existing annual caps under the 2013 Company-Furunde Acrylic Fibre Products Sales Agreement and the 2013 Jimont-Furunde Acrylic Fibre Products Sales Agreement until independent shareholders' approval for the 2013 Furunde Sales Agreements Revised Caps is obtained.

8. THE 2017 FURUNDE ACRYLONITRILE SUPPLY AGREEMENTS

Background

Reference is made to the announcement of the Company dated 25 May 2016. The Company entered into the 2016 Acrylonitrile Supply Agreement with Furunde on 25 May 2016 pursuant to which Furunde will provide acrylonitrile to the Company. The term of the 2016 Acrylonitrile Supply Agreement will expire on 31 December 2016. On 1 September 2016, the Company entered into the 2017 Company-Furunde Acrylonitrile Supply Agreement. In addition, on the same day, Jimont entered into the 2017 Jimont-Furunde Acrylonitrile Supply Agreement with Furunde.

(i) 2017 Company-Furunde Acrylonitrile Supply Agreement

Principal Terms

Date of agreement: 1 September 2016

Parties: Furunde as seller
The Company as purchaser

Subject: Pursuant to the 2017 Company-Furunde Acrylonitrile Supply Agreement, Furunde has agreed to supply and the Company has agreed to purchase acrylonitrile from Furunde

Term: The term of the 2017 Company-Furunde Acrylonitrile Supply Agreement will commence on 1 January 2017 and will end on 31 December 2019 (both dates inclusive) and, subject to compliance with relevant laws and requirements relating to continuing connected transactions under the Listing Rules (including reporting, annual review, announcement and Independent Shareholders' approval where applicable), the 2017 Company-Furunde Acrylonitrile Supply Agreement shall be renewable by mutual agreement between the Company and Furunde for terms not longer than three years each thereafter.

Price: Pursuant to the 2017 Company-Furunde Acrylonitrile Supply Agreement, Furunde will sell acrylonitrile to the Company at the prevailing market price of acrylonitrile and the price is to be agreed between the parties from time to time. Since the Company will continue to purchase acrylonitrile from its existing suppliers, the Company will compare the prices offered by Furunde to the prices offered by other Independent Third Party suppliers to ensure the prices offered by Furunde to the Company are fair and reasonable. Furunde undertakes that, for products of comparable quality, the price of acrylonitrile sold to the Company will not be higher than those Furunde sold to Independent Third Parties. The Company shall pay the purchase price in cash for the acrylonitrile purchased from the Company's working capital. The Company shall pay the purchase price upon the acceptance of the acrylonitrile delivered by Furunde after inspection.

Historical figures: The actual aggregate amount transacted under the 2016 Acrylonitrile Supply Agreement since the date of the agreement of 25 May 2016 up to the date of this announcement was nil.

Proposed annual caps: The maximum aggregate annual sales from Furunde to the Company under the 2017 Company-Furunde Acrylonitrile Supply Agreement (i.e. the annual cap) is estimated not to exceed RMB100 million, RMB100 million and RMB100 million for each of the three years ending 31 December 2017, 2018 and 2019, respectively.

(ii) 2017 Jimont-Furunde Acrylonitrile Supply Agreement

Principal Terms

Date of agreement: 1 September 2016

Parties: Furunde as seller
Jimont as purchaser

Subject: Pursuant to the 2017 Jimont-Furunde Acrylonitrile Supply Agreement, Furunde has agreed to supply and Jimont has agreed to purchase acrylonitrile from Furunde

Term: The term of the 2017 Jimont-Furunde Acrylonitrile Supply Agreement will commence on 1 January 2017 and will end on 31 December 2019 (both dates inclusive) and, subject to compliance with relevant laws and requirements relating to continuing connected transactions under the Listing Rules (including reporting, annual review, announcement and Independent Shareholders' approval where applicable), the 2017 Jimont-Furunde Acrylonitrile Supply Agreement shall be renewable by mutual agreement between Jimont and Furunde for terms not longer than three years each thereafter.

Price: Pursuant to the 2017 Jimont-Furunde Acrylonitrile Supply Agreement, Furunde will sell acrylonitrile to Jimont at the prevailing market price of acrylonitrile and the price is to be agreed between the parties from time to time. Since Jimont will continue to purchase acrylonitrile from its existing suppliers, Jimont will compare the prices offered by Furunde to the prices offered by other Independent Third Party suppliers to ensure the prices offered by Furunde to Jimont are fair and reasonable. Furunde undertakes that, for products of comparable quality, the price of acrylonitrile sold to Jimont will not be higher than those Furunde sold to Independent Third Parties. Jimont shall pay the purchase price in cash for the acrylonitrile purchased from its working capital. Jimont shall pay the purchase price upon the acceptance of the acrylonitrile delivered by Furunde after inspection.

Proposed annual caps: The maximum aggregate annual sales from Furunde to Jimont under the 2017 Jimont-Furunde Acrylonitrile Supply Agreement (i.e. the annual cap) is estimated not to exceed RMB100 million, RMB100 million and RMB100 million for each of the three years ending 31 December 2017, 2018 and 2019, respectively.

Aggregation

Taking into account that the 2017 Company-Furunde Acrylonitrile Supply Agreement and the 2017 Jimont-Furunde Acrylonitrile Supply Agreement were entered into by the Company and Jimont with Furunde, respectively, on the same date and are related to the same type of transaction, the Directors consider that it is appropriate to aggregate the transactions under the 2017 Company-Furunde Acrylonitrile Supply Agreement and the 2017 Jimont-Furunde Acrylonitrile Supply Agreement for the purpose of determining the relevant percentage ratios under Chapter 14A of the Listing Rules.

Listing Rules Implications

Each of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the transactions under the 2017 Furunde Acrylonitrile Supply Agreements on an aggregated basis is expected to be greater than 5% and the annual consideration in respect of such transactions is expected to be greater than HK\$10.0 million.

Accordingly, each of the 2017 Furunde Acrylonitrile Supply Agreements and the transactions contemplated thereunder are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

9. THE 2017 UTILITIES AND SERVICES PROVISION AGREEMENTS

Background

Reference is made to the announcement of the Company dated 27 September 2013. The Power Station was constructed for the purpose of supporting the operations of the Group and subsidiaries of JCF Groupco. The Power Station has been supplying the Utilities and Water Treatment Services to JCFCL and Aika under the 2013 JCFCL Utilities and Services Provision Agreement and the 2013 Aika Utilities and Services Provision Agreement, respectively. The term of the 2013 JCFCL Utilities and Services Provision Agreement and the 2013 Aika Utilities and Services Provision Agreement will expire on 31 December 2016. On 1 September 2016, the Company

entered into the 2017 JCFCL Utilities and Services Provision Agreement and the 2017 Aika Utilities and Services Provision Agreement to continue the supply of the Utilities and Water Treatment Services to JCFCL and Aika. In addition, on the same day, the Company entered into the 2017 Kaimeike Utilities and Services Provision Agreement with Kaimeike for the provision of the Utilities and Water Treatment Services to Kaimeike. The particulars of each of the 2017 Utilities and Services Provision Agreements are set out below:

(i) 2017 JCFCL Utilities and Services Provision Agreement

Principal Terms

Date of agreement:	1 September 2016
Parties:	the Company as supplier JCFCL as customer
Subject:	Pursuant to the 2017 JCFCL Utilities and Services Provision Agreement, the Company will supply and JCFCL will purchase the Utilities and Water Treatment Services.
Term:	The term of the 2017 JCFCL Utilities and Services Provision Agreement will commence on 1 January 2017 and will end on 31 December 2019 (both dates inclusive) and, subject to compliance with applicable requirements relating to continuing connected transactions under the Listing Rules (including reporting, annual review, announcement and Independent Shareholders' approval where applicable), the term of the 2017 JCFCL Utilities and Services Provision Agreement shall be renewable by mutual agreement between the Company and JCFCL for terms not long than three years each thereafter.
Price:	Pursuant to the 2017 JCFCL Utilities and Services Provision Agreement, the price payable by JCFCL to the Company for Utilities and Water Treatment Services shall be determined by reference to the price of similar transactions offered by Independent Third Parties in the Jilin Economic and Technology Development Zone. The price as offered by the Company shall be no less favourable than those offered to Independent Third Parties.

The Utilities and Water Treatment Services provided by the Company under the 2017 JCFCL Utilities and Services Provision Agreement will be paid by JCFCL on a quarterly basis. The Company is entitled to receive interest from JCFCL on any overdue payment of fees due to the Company under the 2017 JCFCL Utilities and Services Provision Agreement, at a rate not lower than the higher of the prevailing base interest rate published by the PBOC and the actual interest rate at which the Company borrows from banks.

- Historical figures: The actual aggregate amount transacted under the 2013 JCFCL Utilities and Services Provision Agreement for the two years ended 31 December 2014 and 2015 and the six months ended 30 June 2016 were approximately RMB174.6 million, RMB 176.7 million and RMB98.6 million, respectively.
- Other significant terms: The Utilities and Water Treatment Services to be provided by the Company should meet all manufacturing needs and scale of operation of JCFCL. In the event that the amount of electricity produced by the Company is insufficient to meet the demand from JCFCL, the Company may procure electricity from third parties to cover the shortfall.
- Proposed annual caps: The maximum aggregate annual consideration payable to the Company by JCFCL under the 2017 JCFCL Utilities and Services Provision Agreement (i.e. the annual cap) is estimated not to exceed RMB481 million, RMB750 million and RMB750 million, respectively, for each of the three years ending 31 December 2017, 2018 and 2019. The annual caps for the 2017 JCFCL Utilities and Services Provision Agreement as set out above are determined with reference to, among other things, the historical transaction amounts, the production scale of JCFCL and thus the demand for the Utilities and Water Treatment Services by JCFCL and expected inflation.

(ii) 2017 Aika Utilities and Services Provision Agreement

Principal Terms

Date of agreement:	1 September 2016
Parties:	the Company as supplier Aika as customer
Subject:	Pursuant to the 2017 Aika Utilities and Services Provision Agreement, the Company will supply and Aika will purchase the Utilities and Water Treatment Services.
Term:	The term of the 2017 Aika Utilities and Services Provision Agreement will commence on 1 January 2017 and will end on 31 December 2019 (both dates inclusive) and, subject to compliance with relevant laws and requirements relating to continuing connected transactions under the Listing Rules (including reporting, annual review, announcement and Independent Shareholders' approval where applicable), the term of the 2017 Aika Utilities and Services Provision Agreement shall be renewable by mutual agreement between the Company and Aika for terms not longer than three years each thereafter.
Price:	Pursuant to the 2017 Aika Utilities and Services Provision Agreement, the price payable by Aika to the Company for Utilities and Water Treatment Services shall be determined by reference to the price of similar transactions offered by independent third parties in the Jilin Economic and Technology Development Zone. The price as offered by the Company shall be no less favourable than those offered to Independent Third Parties.

The Utilities and Water Treatment Services provided by the Company under the 2017 Aika Utilities and Services Provision Agreement will be paid by Aika on a quarterly basis. The Company is entitled to receive interest from Aika on any overdue payment of fees due to the Company under the 2017 Aika Utilities and Services Provision Agreement, at a rate not lower than the higher of the prevailing base interest rate published by the PBOC and the actual interest rate at which the Company borrows from banks.

- Historical figures: The actual aggregate amount transacted under the 2013 Aika Utilities and Services Provision Agreement for the two years ended 31 December 2014 and 2015 and the six months ended 30 June 2016 were approximately RMB31.8 million, RMB25.8 million and RMB11.1 million, respectively.
- Other significant terms: The Utilities and Water Treatment Services to be provided by the Company should meet all manufacturing needs and scale of operation of Aika. In the event that the amount of electricity produced by the Company is insufficient to meet the demand from Aika, the Company may procure electricity from third parties to cover the shortfall.
- Proposed annual caps: The maximum aggregate annual consideration payable to the Company by Aika under the 2017 Aika Utilities and Services Provision Agreement (i.e. the annual cap) is estimated not to exceed RMB27 million, RMB46 million and RMB46 million, respectively, for each of the three years ending 31 December 2017, 2018 and 2019. The annual caps for the 2017 Aika Utilities and Services Provision Agreement as set out above are determined with reference to, among other things, the historical transaction amounts and the production scale of Aika and thus the demand for the Utilities and the Water Treatment Services by Aika, and expected inflation.

(iii) 2017 Kaimeike Utilities and Services Provision Agreement

Principal Terms

- Date of agreement: 1 September 2016
- Parties: the Company as supplier
Kaimeike as customer
- Subject: Pursuant to the 2017 Kaimeike Utilities and Services Provision Agreement, the Company will supply and Kaimeike will purchase the Utilities and Water Treatment Services.
- Term: The term of the 2017 Kaimeike Utilities and Services Provision Agreement will commence on 1 January 2017 and will end on 31 December 2019 (both dates inclusive) and, subject to compliance with relevant laws and requirements relating to continuing connected transactions under the Listing Rules (including reporting, annual review, announcement and Independent Shareholders' approval where applicable), the term of the 2017 Kaimeike Utilities and Services Provision Agreement shall be renewable by mutual agreement between the Company and Kaimeike for terms not longer than three years each thereafter.
- Price: Pursuant to the 2017 Kaimeike Utilities and Services Provision Agreement, the price payable by Kaimeike to the Company for Utilities and Water Treatment Services shall be determined by reference to the price of similar transactions offered by independent third parties in the Jilin Economic and Technology Development Zone. The price as offered by the Company shall be no less favourable than those offered to Independent Third Parties.

The Utilities and Water Treatment Services provided by the Company under the 2017 Kaimeike Utilities and Services Provision Agreement will be paid by Kaimeike on a quarterly basis. The Company is entitled to receive interest from Kaimeike on any overdue payment of fees due to the Company under the 2017 Kaimeike Utilities and Services Provision Agreement, at a rate not lower than the higher of the prevailing base interest rate published by the PBOC and the actual interest rate at which the Company borrows from banks.

Other significant terms: The Utilities and Water Treatment Services to be provided by the Company should meet all manufacturing needs and scale of operation of Kaimeike. In the event that the amount of electricity produced by the Company is insufficient to meet the demand from Kaimeike, the Company may procure electricity from third parties to cover the shortfall.

Proposed annual caps: The maximum aggregate annual consideration payable to the Company by Kaimeike under the 2017 Kaimeike Utilities and Services Provision Agreement (i.e. the annual cap) is estimated not to exceed RMB180 million, RMB180 million and RMB180 million, respectively, for each of the three years ending 31 December 2017, 2018 and 2019. The annual caps for the 2017 Kaimeike Utilities and Services Provision Agreement as set out above are determined with reference to, among other things, the historical transaction amounts and the production scale of Kaimeike and thus the demand for the Utilities and the Water Treatment Services by Kaimeike, and expected inflation.

Reasons for and benefits of the 2017 Utilities and Services Provision Agreements

As set out above, the Power Station was constructed for the purpose of supporting the operations of the Group and subsidiaries of JCF Groupco and therefore its capacity exceeds the existing demand for the Utilities and Water Treatment Services of the Group. As the 2013 Utilities and Services Provision Agreements will expire on 31

December 2016, the Company entered into the 2017 Utilities and Services Provision Agreements in order to continue to generate revenue by supplying the Utilities and Water Treatment Services to JCFCL and Aika after 31 December 2016 and to commence supplying the Utilities and Water Treatment Services to Kaimeike.

The Board (excluding the independent non-executive Directors who reserve their opinion pending advice to be obtained from an independent financial adviser) considers that the price of the Utilities and Water Treatment Services payable by JCFCL, Aika and Kaimeike to the Company under the 2017 JCFCL Utilities and Services Provision Agreement, the 2017 Aika Utilities and Services Provision Agreement and the 2017 Kaimeike Utilities and Services Provision Agreement, respectively, are determined on an arm's length basis and, in line with normal commercial terms, and that the terms and the annual caps of each of the 2017 Utilities and Services Provision Agreements are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Aggregation

In view of the identical nature of transactions under the 2017 JCFCL Utilities and Services Provision Agreement, the 2017 Aika Utilities and Services Provision Agreement and the 2017 Kaimeike Utilities and Services Provision Agreement and the fact that the counterparties thereof are all associates of the controlling shareholder of the Company, JCF Groupco, the Directors considered it appropriate to aggregate the transactions under the 2017 Utilities and Services Provision Agreements for the purpose of determining the classification and requirements in applicable to the continuing connected transactions under the 2017 Utilities and Services Provision Agreements under Chapter 14A of the Listing Rules.

Listing Rules Implications

Each of the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the transactions under the 2017 Utilities and Services Provision Agreements on an aggregated basis is expected to be greater than 5% and the annual consideration in respect of such transactions is expected to be greater than HK\$10.0 million.

Accordingly, each of the 2017 Utilities and Services Provision Agreements and the transactions contemplated thereunder are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

PRICING POLICY AND INTERNAL CONTROL

In order to ensure that the terms of each of the 2017 Agreements are not less favourable than those available from Independent Third Parties, the Company and Jimont have adopted the following measures:

1. For the purpose of ascertaining the market price of the products, the Company and Jimont will obtain a quotation from Independent Third Parties suppliers for similar products of comparable quality. The relevant personnel will oversee and regularly review the price as offered to ensure that it is in line with the market price and is not less favourable than those offered by Independent Third Parties suppliers.
2. For sale of products, the Company and Jimont have set up the process for estimating and approving the selling prices, and the procedures to ensure that these prices are no less favourable to the Company and Jimont than those offered to, or quoted by, Independent Third Parties customers.
3. The independent non-executive Directors and the auditors of the Company will review the transactions under each of the 2017 Agreements annually to ensure that each of the 2017 Agreements are entered into in the ordinary course of business of the Company, and that its terms are fair and reasonable and on normal commercial terms.

EXTRAORDINARY GENERAL MEETING

The EGM will be convened as soon as practicable at which an ordinary resolution will be proposed for the Independent Shareholders to consider and, if thought fit, approve each of the 2017 Tuopu Textile Sales Agreements, the 2017 Furunde Sales Agreements, the 2017 JCF Import Export Sales Agreements, the 2017 Furunde Acrylonitrile Supply Agreements and the 2017 Utilities and Services Provision Agreements, the transactions contemplated thereunder, and their respective annual caps and the 2013 Furunde Sales Agreements Revised Caps.

The relevant interested Shareholders and their respective associates will abstain from voting on the resolutions approving the 2017 Tuopu Textile Sales Agreements, the Furunde Sales Agreements, the 2017 JCF Import Export Sales Agreements, the 2017 Furunde Acrylonitrile Supply Agreements and the 2017 Utilities and Services Provision Agreements, the transactions thereunder and their respective annual caps and the 2013 Furunde Sales Agreements Revised Caps.

An independent board committee of the Directors, the composition of which is the same as the connected transactions committee of the Directors, comprising Mr. Li

Yanxi, Ms. Zhu Ping, Mr. Lv Xiaobo and Mr. Jin Jie, has been formed to advise the Independent Shareholders and First Shanghai Capital Limited has been appointed as the independent financial adviser to advise both the independent board committee and the connected transactions committee of the Directors and the Independent Shareholders in respect of the 2017 Tuopu Textile Sales Agreements, the 2017 Furunde Sales Agreements, the 2017 JCF Import Export Sales Agreements, the 2017 Furunde Acrylonitrile Supply Agreements and the 2017 Utilities and Services Provision Agreements and the transactions contemplated thereunder and the 2013 Furunde Sales Agreements Revised Caps.

The primary duties of the connected transactions committee of the Company are to review the terms of the proposed connected transactions (including exempt connected transactions) to be entered into with any connected person of the Company and review the approval procedures of the relevant Board meetings. All the members of the connected transactions committee are independent non-executive Directors.

A circular containing, inter alia, (1) further information on the 2017 Tuopu Textile Sales Agreements, the 2017 Furunde Sales Agreements, the 2017 JCF Import Export Sales Agreements, the 2017 Furunde Acrylonitrile Supply Agreements, the 2017 Utilities and Services Provision Agreements and the 2013 Furunde Sales Agreements Revised Caps; (2) the notice of the EGM; (3) the letter from First Shanghai Capital Limited to both the independent board committee of the Directors and the Independent Shareholders; and (4) the recommendation of the independent board committee and the connected transactions committee of the Directors and to the Independent Shareholders, will be dispatched to the Shareholders no later than 23 September 2016.

GENERAL

The Company is principally engaged in the production and sale of carbon fiber products and different type of acrylic fiber products, namely, acrylic top, acrylic tow and acrylic staple fiber.

Jimont is principally engaged in the production and sale of acrylic fibre products in the PRC.

Tuopu Textile is principally engaged in the manufacturing of acrylic yarn and viscose yarn in the PRC.

Aika is principally engaged in the production and sales of viscose filament yarns in the PRC.

Furunde (formerly known as 吉林市凱麟貿易有限公司# (Jilin Kailin Trading Co., Ltd.)) is principally engaged in the wholesale and retail sale of chemical products, building materials, textile raw materials, primary agricultural products and textile equipment and parts, and provision of labour services in the PRC.

Huidong is principally engaged in the production of sodium bisulfate.

Kaimeike is principally engaged in the production and research of acetic anhydride.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the otherwise stated:

“2013 Aika Utilities and Services Provision Agreement”	the utilities and services provision agreement dated 27 September 2013 entered into between the Company and Aika
“2013 Company Auxiliary Materials Supply Agreement”	the auxiliary materials supply agreement dated 31 December 2013 pursuant to which JCFCL agreed to sell and the Company agreed to purchase the Auxiliary Materials
“2013 Company-Furunde Acrylic Fibre Products Sales Agreement”	the sales agreement dated 27 September 2013 entered into between the Company and Furunde
“2013 Furunde Sales Agreements Revised Caps”	the proposed revised annual caps for transactions under the 2013 Company-Furunde Acrylic Fibre Products Sales Agreement and the 2013 Jimont-Furunde Acrylic Fibre Products Sales Agreement of RMB25 million and RMB50 million, respectively
“2013 Huidong Purchase Agreement”	the purchase agreement dated 31 December 2013 pursuant to which Huidong agreed to sell and the Company agreed to purchase the sodium bisulfate
“2013 JCFCL Utilities and Services Provision Agreement”	the utilities and services provision agreement dated 27 September 2013 entered into between the Company and JCFCL
“2013 Jimont Auxiliary Materials Supply Agreement”	the auxiliary materials supply agreement dated 31 December 2013 pursuant to which JCFCL agreed to sell and Jimont agreed to purchase the Auxiliary Materials

“2013 Jimont-Furunde Acrylic Fibre Products Sales Agreement”	the sales agreement dated 27 September 2013 entered into between Jimont and Furunde
“2013 Lease Agreement”	the lease agreement dated 27 September 2013 entered into between the Company and JCFCL for the lease of certain assets by JCFCL to the Company in connection with the production of Utilities
“2014 Company-JCF Import Export Sales Agreement”	the sales agreement dated 4 July 2014 entered into between the Company and JCF Group Import Export
“2014 Jimont-JCF Import Export Sales Agreement”	the sales agreement dated 4 July 2014 entered into between Jimont and JCF Group Import Export
“2016 Acrylonitrile Supply Agreement”	the acrylonitrile supply agreement dated 25 May 2016 pursuant to which Furunde agreed to sell and the Company agreed to purchase acrylonitrile
“2016 Company-Tuopu Textile Sales Agreement”	the sales agreement dated 15 June 2016 pursuant to which the Company agreed to supply and Tuopu Textile agreed to purchase Acrylic Fibre Products
“2016 Jimont-Huidong Auxiliary Materials Supply Agreement”	the sales agreement dated 15 June 2016 pursuant to which Huidong agreed to supply and Jimont agreed to purchase the Auxiliary Materials
“2016 Jimont-Tuopu Textile Sales Agreement”	the sales agreement dated 15 June 2016 pursuant to which Jimont agreed to supply and Tuopu Textile agreed to purchase Acrylic Fibre Products
“2017 Agreements”	(i) the 2017 Huidong Agreements, (ii) the 2017 JCFCL Auxiliary Materials Supply Agreements, (iii) the 2017 Lease Agreement, (iv) the 2017 Tuopu Textile Sales Agreements, (v) the 2017 Furunde Sales Agreements, (vi) the 2017 JCF Import Export Sales Agreements, (vii) the 2017 Furunde Acrylonitrile Supply Agreements and (viii) the 2017 Utilities and Services Provision Agreements, collectively, and each of them an “Agreement”

“2017 Aika Utilities and Services Provision Agreement”	the utilities and services provision agreement entered into between the Company and Aika dated 1 September 2016
“2017 Company Auxiliary Materials Supply Agreement”	the auxiliary materials supply agreement dated 1 September 2016 pursuant to which JCFCL agreed to sell and the Company agreed to purchase the Auxiliary Materials
“2017 Company-Furunde Acrylic Fibre Products Sales Agreement”	the Acrylic Fibre Products sales agreement dated 1 September 2016 pursuant to which the Company has agreed to supply to Furunde and Furunde has agreed to purchase Acrylic Fibre Products from the Company
“2017 Company-Furunde Acrylonitrile Supply Agreement”	the acrylonitrile supply agreement dated 1 September 2016 pursuant to which Furunde agreed to sell and the Company agreed to purchase acrylonitrile
“2017 Company-Huidong Sodium Bisulfate Purchase Agreement”	the purchase agreement dated 1 September 2016 pursuant to which Huidong agreed to sell and the Company agreed to purchase the sodium bisulfate and chemicals
“2017 Company-JCF Import Export Sales Agreement”	the sales agreement dated 1 September 2016 entered into between the Company and JCF Group Import Export
“2017 Company-Tuopu Textile Sales Agreement”	the sales agreement dated 1 September 2016 pursuant to which the Company agreed to supply and Tuopu Textile agreed to purchase Acrylic Fibre Products
“2017 Furunde Acrylonitrile Supply Agreements”	the 2017 Company-Furunde Acrylonitrile Supply Agreement and the 2017 Jimont-Furunde Acrylonitrile Supply Agreement
“2017 Furunde Sales Agreements”	the 2017 Company-Furunde Acrylic Fibre Products Sales Agreement and the 2017 Jimont-Furunde Acrylic Fibre Products Sales Agreement
“2017 Huidong Agreements”	the 2017 Company-Huidong Sodium Bisulfate Purchase Agreement and the 2017 Jimont-Huidong Sodium Bisulfate Purchase Agreement

“2017 JCFCL Auxiliary Materials Supply Agreements”	the 2017 Company Auxiliary Materials Supply Agreement and the 2017 Jimont Auxiliary Materials Supply Agreement
“2017 JCFCL Utilities and Services Provision Agreement”	the utilities and services provision agreement entered into between the Company and JCFCL dated 1 September 2016
“2017 JCF Import Export Sales Agreements”	the 2017 Company-JCF Import Export Sales Agreement and the 2017 Jimont-JCF Import Export Sales Agreement
“2017 Jimont Auxiliary Materials Supply Agreement”	the auxiliary materials supply agreement dated 1 September 2016 pursuant to which JCFCL agreed to sell and Jimont agreed to purchase the Auxiliary Materials
“2017 Jimont-Furunde Acrylic Fibre Products Sales Agreement”	the Acrylic Fibre Products sales agreement dated 1 September 2016 pursuant to which Jimont has agreed to supply to Furunde and Furunde has agreed to purchase Acrylic Fibre Products from Jimont
“2017 Jimont-Furunde Acrylonitrile Supply Agreement”	the acrylonitrile supply agreement dated 1 September 2016 pursuant to which Furunde agreed to sell and Jimont agreed to purchase acrylonitrile
“2017 Jimont-Huidong Sodium Bisulfate Purchase Agreement”	the sales agreement dated 1 September 2016 pursuant to which Huidong agreed to supply and Jimont agreed to purchase the sodium bisulfate and chemicals
“2017 Jimont-JCF Import Export Sales Agreement”	the sales agreement dated 1 September 2016 entered into between Jimont and JCF Group Import Export
“2017 Jimont-Tuopu Textile Sales Agreement”	the sales agreement dated 1 September 2016 pursuant to which Jimont agreed to supply and Tuopu Textile agreed to purchase Acrylic Fibre Products
“2017 Kaimeike Utilities and Services Provision Agreement”	the utilities and services provision agreement entered into between the Company and Kaimeike dated 1 September 2016
“2017 Lease Agreement”	the asset lease agreement dated 1 September 2016 pursuant to which JCFCL agreed to lease the Leased Assets to the Company for the three years ending 31 December 2019

“2017 Tuopu Textile Sales Agreements”	the 2017 Company-Tuopu Textile Sales Agreement and the 2017 Jimont-Tuopu Textile Sales Agreement
“2017 Utilities and Services Provision Agreements”	collectively, the 2017 JCFCL Utilities and Services Provision Agreement, the 2017 Aika Utilities and Services Provision Agreement and the 2017 Kaimeike Utilities and Services Provision Agreement
“Acrylic Fibre Products”	the acrylic stable fibre, acrylic toward acrylic top fibre products
“Aika”	吉林艾卡粘膠纖維有限公司 (Jilin Aika Viscose Fiber Co., Ltd. [#]), a Sino-foreign equity joint venture company established in the PRC, which is owned by JCFCL as to 70% and by ENKA, a company based in Germany, as to 30%
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Auxiliary Materials”	caustic soda, hydrochloric acid, sulfuric acid, gasoline and diesel oil
“Board”	the board of directors of the Company
“Company”	吉林奇峰化纖股份有限公司 (Jilin Qifeng Chemical Fiber Co., Ltd. [*]), a foreign invested joint stock limited company converted from 吉林奇峰化纖有限公司 (Jilin Qifeng Chemical Fiber Co., Ltd. [*]), a Sino-foreign equity joint venture company established in the PRC with limited liability
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Furunde”	吉林化纖福潤德紡織有限公司 (Jilin Chemical Fiber Furunde Textile Co., Ltd. [#] , formerly known as 吉林市凱麟貿易有限公司 (Jilin Kailin Trading Co., Ltd. [#]), a company established in the PRC and owned as to 100% by JCF Groupco

“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party/ies”	third party/ies and their ultimate beneficial owner(s) which is/are independent of the Company and Jimont and their respective connected persons
“JCFCL”	吉林化纖股份有限公司 (Jilin Chemical Fibre Co., Ltd. [#]), a joint stock company established in the PRC with limited liability and owned as to 14.5% by JCF Groupco, with its shares listed as A Shares on the Shenzhen Stock Exchange;
“JCF Groupco”	吉林化纖集團有限責任公司 (Jilin Chemical Fiber Group Co., Ltd. [#]), a company with limited liability established in the PRC and the controlling shareholder and a substantial shareholder of the Company
“JCF Group Import Export”	吉林化纖集團進出口有限公司 (Jilin Chemical Fiber Group Import Export Co., Ltd. [#]), a company with limited liability established in the PRC and a wholly-owned subsidiary of JCF Groupco
“Jimont”	吉林吉盟腈綸有限公司 (Jilin Jimont Acrylic Fiber Co., Ltd. [#]), a joint venture company established in the PRC on 21 December 2005, which is owned by the Company as to 50%, by Montefibre as to 39.64% and by SIMEST S.p.A. as to 10.36%. It is considered as part of the Company for the purpose of applying the requirements in the Listing Rules regarding connected transactions
“Kaimeike”	吉林凱美克化工有限公司 (Jilin Kaimeike Chemical Co., Ltd. [#]), a company established in the PRC on 22 July 2014 and is a wholly owned subsidiary of JCFCL
“Leased Assets”	facilities and equipment for the production of utilities (such as water, steam and electricity), including land, buildings, general equipment, specialized equipment, meters and other ancillary equipment and electric meters
“Power Station”	the utilities generation and transmission and water treatment facilities owned by the Company

“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Tuopu Textile”	吉林市拓普紡織產業開發有限公司 (Jilin Tupou Textile Industrial Development Co., Ltd. [#]), a company established in the PRC with limited liability and a wholly-owned subsidiary of and an associate of JCF Groupco
“Utilities”	desalted water, water and steam for industrial use and electricity generated by the Power Station
“Water Treatment Services”	water treatment services provided by the Power Station

[#] *For reference purpose only, the English names of these companies, persons or documents are only a translation of their respective Chinese names. In the event of any discrepancies between the Chinese names and their respective English translations, the Chinese version shall prevail.*

By order of the Board
Jilin Qifeng Chemical Fiber Co., Ltd.
Song Dewu
Director

Jilin, the PRC, 1 September 2016

** The Company is registered as a non-Hong Kong company under Part 16 of the Company Ordinance (Chapter 622 of the Laws of Hong Kong) under the English name “Jilin Qifeng Chemical Fiber Co., Ltd.”.*

As at the date of this announcement, the executive Directors are Mr. Song Dewu, Mr. Yang Xuefeng and Mr. Pan Xianfeng, the non-executive Directors are Mr. Ma Jun, Mr. Jiang Junzhou and Mr. Wu Song, and the independent non-executive Directors are Mr. Li Yanxi, Mr. Jin Jie, Mr. Lv Xiaobo and Ms. Zhu Ping.