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常茂生物化學工程股份有限公司

**Changmao Biochemical Engineering Company Limited\***

*(a joint stock limited company incorporated in the People's Republic of China)*

**(Stock Code: 954)**

## **DISCLOSEABLE TRANSACTION**

### **SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCT**

Reference is made to the announcement issued by the Company on 2 December 2020 in relation to the subscription for “e 靈通” 淨值型法人無固定期限人民幣理財產品 (“E-Lingtong” net value legal person’s RMB wealth management product with no fixed term\*) (“**E-Lingtong Product**”) from ICBC. The Company had redeemed all the E-Lingtong Product on 22 October 2021. The Board announces that on 25 November 2021 the Company used internal resources to subscribe for another wealth management product offered by ICBC with a subscription amount of RMB30 million, summary of which are set out as follows:

### **THE WEALTH MANAGEMENT PRODUCT**

On 25 November 2021 the Company entered into the Wealth Management Agreements with ICBC and ICBC Wealth Management Co., Ltd. to subscribe for the Wealth Management Product.

The principal terms of the subscription are summarised as follows:

Parties:	the Company (as the subscriber)
	ICBC (as the product sales agent)
	ICBC Wealth Management Co., Ltd. (as the investment manager)
	<p>ICBC is a licensed state-owned commercial bank established under the law of the PRC and its shares are listed on the Shanghai Stock Exchange and the Main Board of the Stock Exchange. ICBC Wealth Management Co., Ltd. is a wholly-owned subsidiary of ICBC and is mainly engaged in in the issuance of publicly-offered wealth management products and privately-offered wealth management products and as wealth management advisory and consultation in such relevant wealth management businesses. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, ICBC, ICBC Wealth Management Co., Ltd. and their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons as at the date of this announcement.</p>
Wealth Management Product:	法人“添利寶”淨值型理財產品 (Legal persons' “Tian Li Bao” net value wealth management product*)
Currency of investment:	RMB
Type of product:	Fixed income (money market instruments, bonds and other debt assets that meet regulatory requirements)
Return:	Non-principal guaranteed with floating income
Term:	No fixed term of expiry

Risk category:	Very low risk, the principal and expected return are minimally affected by the risk factors, and have high liquidity.
Subscription amount:	Subscription amount is RMB30 million.  The subscription amount was determined based on the available financial resources of the Company.  Depending on the funding requirements and amount of idle cash of the Group, the Company intends to make subscription to and redemption from the Wealth Management Product from time to time within one year from the date of this announcement, but the principal balance outstanding of the Wealth Management Product at any time shall not exceed RMB30 million.  The subscription amount will be settled with the internal resources of the Company.
Redemption:	Redemption can be made every working day. If the redemption is made between 8:30 to 15:30, the funds will be credited in real time to the Company's bank account. If the redemption is made after 15:30, the funds will be credited to the Company's bank account at 8:30 on the next working day.
Fees:	Management fee of 0.2% per year, selling fee of 0.3% per year and custodian fee of 0.03% per year
Early Termination:	When the investment amount of the Wealth Management Product is less than RMB10 million, ICBC Wealth Management Co., Ltd., has the right to terminate the product early in accordance with the actual investment situation and ICBC will inform the Company at least 3 working days before the termination date.

## **REASONS FOR AND BENEFITS OF SUBSCRIPTION OF THE WEALTH MANAGEMENT PRODUCT**

The Group is principally engaged in the production and sales of organic acid products.

Given that the expected return of the Wealth Management Product is higher than those for demand deposits or time deposits generally offered by commercial banks, the subscription of the Wealth Management Product is expected to increase the Group's earnings on the idle funds of the Group. As the Wealth Management Product is considered to have relatively low risk, the subscription of the Wealth Management Product is in line with the internal risk management and investment policies of the Group.

The terms of the Wealth Management Product are the same as those offered to the other corporate customers of ICBC. The Directors are of the view that the terms and conditions of the Wealth Management Agreements are based on normal commercial terms and are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios of the maximum amount of subscription of the Wealth Management Product at any time of RMB30 million calculated in accordance with Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the entering into the Wealth Management Agreements constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirement under the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings ascribed to them below:

“Board”	the board of the Directors
“Company”	常茂生物化學工程股份有限公司(Changmao Biochemical Engineering Company Limited*), a joint stock limited company incorporated in the PRC with the H Shares currently listed on the Main Board of the Stock Exchange (Stock Code: 954)
“Director(s)”	director(s) of the Company
“ICBC”	Industrial and Commercial Bank of China Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	Shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wealth Management Agreements”	the wealth management sales agent agreement entered into by the Company and ICBC and the wealth management investment agreement entered into by the Company and ICBC Wealth Management Co., Ltd. on 25 November 2021 in relation to the Wealth Management Product

“Wealth Management Product”

the wealth management product of 法人“添利寶”淨值型理財產品 (Legal persons’ “Tian Li Bao” net value wealth management product\*) offered by ICBC. The investment manager is ICBC Wealth Management Co., Ltd., a wholly-owned subsidiary of ICBC, and the custodian is ICBC.

“%”

per cent.

*By order of the Board of*  
**Changmao Biochemical Engineering Company Limited\***  
**Rui Xin Sheng**  
*Chairman*

The PRC, 25 November 2021

*\*For identification purpose*

*As at the date hereof, Mr. Rui Xin Sheng (Chairman) and Mr. Pan Chun are the executive Directors, Mr. Zeng Xian Biao, Mr. Yu Xiao Ping, Mr. Wang Jian Ping and Ms. Leng Yi Xin are the non-executive Directors, Prof. Ouyang Ping Kai, Ms. Wei Xin and Ms. Au Fung Lan are the independent non-executive Directors.*

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