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**三江化工**

SANJIANG CHEMICAL

**CHINA SANJIANG FINE CHEMICALS COMPANY LIMITED**

**中國三江精細化工有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2198)**

**CONTINUING CONNECTED TRANSACTIONS**

- (1) PROPYLENE SALE AND PURCHASE AGREEMENT**
- (2) PROPANE SALE AND PURCHASE AGREEMENT**
- (3) NAPHTHA SALE AND PURCHASE AGREEMENT**
- (4) COMMISSIONED PROCESSING AND RENTAL AGREEMENT**
- (5) LIQUEFIED PETROLEUM GAS SALE AND PURCHASE AGREEMENT**
- (6) MIXED C4 SUPPLY AGREEMENT**
- (7) INDUSTRIAL CRACKING C9 SUPPLY AGREEMENT**

**Independent Financial Adviser**



**CONTINUING CONNECTED TRANSACTIONS**

**(1) Propylene Sale and Purchase Agreement**

On 4 April 2023 (after trading hours), Mei Fu Petrochemical and Sanjiang Haojia (an indirectly wholly-owned subsidiary of the Company) entered into the Propylene Sale and Purchase Agreement pursuant to which Sanjiang Haojia has agreed to purchase propylene from Mei Fu Petrochemical for the approximately three years ending 31 December 2025.

**(2) Propane Sale and Purchase Agreement**

On 4 April 2023 (after trading hours), Mei Fu Petrochemical and Sanjiang Chemical (an indirectly wholly-owned subsidiary of the Company) entered into the Propane Sale and Purchase Agreement pursuant to which Sanjiang Chemical has agreed to purchase propane from Mei Fu Petrochemical for the approximately three years ending 31 December 2025.

**(3) Naphtha Sale and Purchase Agreement**

On 4 April 2023 (after trading hours), Mei Fu Petrochemical and Sanjiang Chemical (an indirectly wholly-owned subsidiary of the Company) entered into the Naphtha Sale and Purchase Agreement pursuant to which Sanjiang Chemical has agreed to purchase naphtha from Mei Fu Petrochemical for the approximately three years ending 31 December 2025.

**(4) Commissioned Processing and Rental Agreement**

On 4 April 2023 (after trading hours), Mei Fu Petrochemical and Sanjiang Chemical (an indirectly wholly-owned subsidiary of the Company) entered into the Commissioned Processing and Rental Agreement pursuant to which Sanjiang Chemical has agreed to commission Mei Fu Petrochemical to process mixed aromatics and to use certain facilities provided by Mei Fu for the approximately three years ending 31 December 2025.

**(5) Liquefied Petroleum Gas Sale and Purchase Agreement**

On 4 April 2023 (after trading hours), Mei Fu Petrochemical and Sanjiang Chemical (an indirectly wholly-owned subsidiary of the Company) entered into the Liquefied Petroleum Gas Sale and Purchase Agreement pursuant to which Sanjiang Chemical has agreed to purchase liquefied petroleum gas from Mei Fu Petrochemical for the approximately three years ending 31 December 2025.

**(6) Mixed C4 Supply Agreement**

On 4 April 2023 (after trading hours), Sanjiang Chemical (an indirectly wholly-owned subsidiary of the Company) and Mei Fu Petrochemical entered into the Mixed C4 Supply Agreement pursuant to which Sanjiang Chemical has agreed to supply mixed C4 to Mei Fu Petrochemical for the approximately three years ending 31 December 2025.

## **(7) Industrial Cracking C9 Supply Agreement**

On 4 April 2023 (after trading hours), Sanjiang Chemical (an indirectly wholly-owned subsidiary of the Company) and Mei Fu Petrochemical entered into the Industrial Cracking C9 Supply Agreement pursuant to which Sanjiang Chemical has agreed to supply Industrial Cracking C9 to Mei Fu Petrochemical for the approximately three years ending 31 December 2025.

### **LISTING RULES IMPLICATION**

Mei Fu Petrochemical is owned as to approximately 82.85% by Mr. Guan indirectly through a number of investment-holding companies controlled by Mr. Guan. As Ms. Han is an executive Director and the spouse of Mr. Guan and Mr. Guan is a director and a controlling shareholder of Mei Fu Petrochemical and a controlling Shareholder of the Company, Mei Fu Petrochemical is therefore an associate of Mr. Guan and Ms. Han and is thus a connected person of the Company. As such, the transactions contemplated under each of the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, each of the proposed annual caps under each of the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement are aggregated as (i) they were entered into between members of the Group and a connected person (i.e. Mei Fu Petrochemical); and (ii) they are of a similar nature relating to the sale and purchase of chemical products for the ordinary business of the Group.

As one or more of the applicable ratios in respect of the aggregated proposed annual caps of each of the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement is more than 5%, the transactions contemplated under the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement are therefore subject to reporting, announcement, annual review and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will seek independent shareholders' approval for each of the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement at the EGM. The Company has established the Independent Board Committee to advise the independent shareholders as to whether the terms of each of the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement and the respective proposed annual caps contemplated thereunder are fair and reasonable, in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and Shareholders as whole.

A circular containing, among other things, (i) further information on each of the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement and the respective proposed annual caps thereunder; (ii) the recommendation from the Independent Board Committee; (iii) the advice from the Independent Financial Adviser; and (iv) a notice of the EGM, will be despatched to the Shareholders on or before 30 April 2023.

## **A. INTRODUCTION**

On 4 April 2023 (after trading hours), Mei Fu Petrochemical and Sanjiang Haojia (an indirectly wholly-owned subsidiary of the Company) entered into the Propylene Sale and Purchase Agreement pursuant to which Sanjiang Haojia has agreed to purchase propylene from Mei Fu Petrochemical for the approximately three years ending 31 December 2025.

On 4 April 2023 (after trading hours), Mei Fu Petrochemical and Sanjiang Chemical (an indirectly wholly-owned subsidiary of the Company) entered into the Propane Sale and Purchase Agreement pursuant to which Sanjiang Chemical has agreed to purchase propane from Mei Fu Petrochemical for the approximately three years ending 31 December 2025.

On 4 April 2023 (after trading hours), Mei Fu Petrochemical and Sanjiang Chemical (an indirectly wholly-owned subsidiary of the Company) entered into the Naphtha Sale and Purchase Agreement pursuant to which Sanjiang Chemical has agreed to purchase naphtha from Mei Fu Petrochemical for the approximately three years ending 31 December 2025

On 4 April 2023 (after trading hours), Mei Fu Petrochemical and Sanjiang Chemical (an indirectly wholly-owned subsidiary of the Company) entered into the Commissioned Processing and Rental Agreement pursuant to which Sanjiang Chemical has agreed to commission Mei Fu Petrochemical to process mixed aromatics for the approximately three years ending 31 December 2025.

On 4 April 2023 (after trading hours), Mei Fu Petrochemical and Sanjiang Chemical (an indirectly wholly-owned subsidiary of the Company) entered into the Liquefied Petroleum Gas Sale and Purchase Agreement pursuant to which Sanjiang Chemical has agreed to purchase liquefied petroleum gas from Mei Fu Petrochemical for the approximately three years ending 31 December 2025.

On 4 April 2023 (after trading hours), Sanjiang Chemical (an indirectly wholly-owned subsidiary of the Company) and Mei Fu Petrochemical entered into the Mixed C4 Supply Agreement pursuant to which Sanjiang Chemical has agreed to supply mixed C4 to Mei Fu Petrochemical for the approximately three years ending 31 December 2025.

On 4 April 2023 (after trading hours), Sanjiang Chemical (an indirectly wholly-owned subsidiary of the Company) and Mei Fu Petrochemical entered into the Industrial Cracking C9 Supply Agreement pursuant to which Sanjiang Chemical has agreed to supply Industrial Cracking C9 to Mei Fu Petrochemical for the approximately three years ending 31 December 2025.

Set out below are the principal terms of each of the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement.

## **B. CONTINUING CONNECTED TRANSACTIONS**

### **(1) Propylene Sale and Purchase Agreement**

#### ***Date***

4 April 2023 (after trading hours)

#### ***Parties***

- (1) Mei Fu Petrochemical, a connected person of the Company, as seller; and
- (2) Sanjiang Haojia, an indirectly wholly-owned subsidiary of the Company, as purchaser.

#### ***Subject matter***

Pursuant to the Propylene Sale and Purchase Agreement, Sanjiang Haojia has agreed to purchase propylene from Mei Fu Petrochemical for the approximately three years ending 31 December 2025.

#### ***Term***

The Propylene Sale and Purchase Agreement shall become effective upon obtaining independent shareholders' approval at the EGM and ending on 31 December 2025.

#### ***Pricing and payment terms***

Pursuant to the Propylene Sale and Purchase Agreement, the purchase price for propylene shall be the average monthly price as disclosed by Sinopec Zhenhai Refining & Chemical Company during the period between the 26th day of each calendar month till the 25th day of the subsequent calendar month. Sanjiang Haojia and Mei Fu Petrochemical shall agree on the amount of propylene sold and purchased at the end of each calendar month and Sanjiang Haojia shall pay the consideration to Mei Fu Petrochemical on or before the 5th day of the next calendar month.

As the purchase price of propylene is based on the average monthly price as disclosed by Sinopec Zhenhai Refining & Chemical Company during the period between the 26th day of each calendar month till the 25th day of the next calendar month, the Group is of the view that such pricing mechanism best reflects the market price of propylene and will be on terms not less favourable compared to the price offered by other independent third parties.

## **(2) Propane Sale and Purchase Agreement**

### ***Date***

4 April 2023 (after trading hours)

### ***Parties***

- (1) Mei Fu Petrochemical, a connected person of the Company, as seller; and
- (2) Sanjiang Chemical, an indirectly wholly-owned subsidiary of the Company, as purchaser.

### ***Subject matter***

Pursuant to the Propane Sale and Purchase Agreement, Sanjiang Chemical has agreed to purchase propane from Mei Fu Petrochemical for the approximately three years ending 31 December 2025.

### ***Term***

The Propane Sale and Purchase Agreement shall become effective upon obtaining independent shareholders' approval at the EGM and ending on 31 December 2025.

### ***Consideration***

Pursuant to the Propane Sale and Purchase Agreement, the purchase price for propane shall be the average monthly price as disclosed by Sinopec Shanghai Gaoqiao Petrochemical Co., Ltd during the period between the 26th day of each calendar month till the 25th day of the next calendar month. Sanjiang Chemical and Mei Fu Petrochemical shall agree on the amount of propane sold and purchased at the end of each calendar month and Sanjiang Chemical shall pay the consideration to Mei Fu Petrochemical on or before the 5th day of the next calendar month.

### ***Determination of the pricing policy of propane***

As the purchase price of propane is based on the average monthly price as disclosed by Sinopec Shanghai Gaoqiao Petrochemical Co., Ltd during the period between the 26th day of each calendar month till the 25th day of the next calendar month, the Group is of the view that such pricing mechanism best reflects the market price of propane and will be on terms not less favourable compared to the price offered by other independent third parties.



### (3) Naphtha Sale and Purchase Agreement

#### *Date*

4 April 2023 (after trading hours)

#### *Parties*

- (1) Mei Fu Petrochemical, a connected person of the Company, as seller; and
- (2) Sanjiang Chemical, an indirectly wholly-owned subsidiary of the Company, as purchaser.

#### *Subject matter*

Pursuant to the Naphtha Sale and Purchase Agreement, Sanjiang Chemical has agreed to purchase naphtha from Mei Fu Petrochemical for the approximately three years ending 31 December 2025.

#### *Term*

The Naphtha Sale and Purchase Agreement shall become effective upon obtaining independent shareholders' approval at the EGM and ending on 31 December 2025.

#### *Consideration*

Pursuant to the Naphtha Sale and Purchase Agreement, the purchase price for naphtha shall be determined based on the following formula:

(average monthly price as disclosed by Sinopec —  $\beta$ )\* (1 + PRC Consumption tax rate)

$\beta$  means the dollar amount to be adjusted downward based on the amount of sulphur contained in the naphtha supplied by Mei Fu Petrochemical. If the amount of sulphur is less than 650 mg/kg, the value of  $\beta$  shall be 0; whereas if the amount of sulphur is more than 650 mg/kg, the price of naphtha per tonne shall be reduced by RMB1 per tonne of naphtha for every additional unit of 1 mg/kg.

The actual amount of naphtha shall be based on the actual metre reading of Mei Fu Petrochemical and to be verified by Sanjiang Chemical based on its metre reading upon receipt of naphtha and if there is a discrepancy more than 3%, both parties shall agree to resolve the difference mutually. Mei Fu Petrochemical shall be responsible for the maintenance of the pipeline up to one metre outside the premises of Sanjiang Chemical and Sanjiang Chemical shall be responsible for the maintenance of the pipeline connecting therefrom to



its own facilities. Sanjiang Chemical and Mei Fu Petrochemical shall agree on the amount of naphtha sold and purchased at the end of each calendar month and Sanjiang Chemical shall pay the consideration to Mei Fu Petrochemical on or before the 15th day of the next calendar month.

***Determination of the pricing policy of naphtha***

As the purchase price of naphtha is primarily based on the average monthly price as disclosed by Sinopec with the price adjustment mechanism (i.e.  $\beta$ ) which takes reference to the same price adjustment mechanism adapted between Sanjiang and independent third parties in terms of naphtha procurement, the Group is of the view that such pricing mechanism best reflects the market price of naphtha and will be on terms not less favourable compared to the price offered by other independent third parties.

**(4) Commissioned Processing and Rental Agreement**

***Date***

4 April 2023 (after trading hours)

***Parties***

- (1) Sanjiang Chemical, an indirectly wholly-owned subsidiary of the Company, as principal; and
- (2) Mei Fu Petrochemical, a connected person of the Company, as commissioned process agent.

***Subject matter***

Pursuant to the Commissioned Processing and Rental Agreement, Sanjiang Chemical has agreed to commission Mei Fu Petrochemical to process mixed aromatics provided by Sanjiang Chemical into benzene, toluene, xylene and residue C6-C8 and to use the land provided by Mei Fu Petrochemical with a total land use right area of 15,860 square metre (i.e. located at No. 88, Zhapu Dongfang Avenue, with property certificates: Zhejiang (2019) Pinghu City Real Estate Rights No. 0009736 and Zhejiang (2016) Pinghu City Real Estate Rights No. 0010747 and on the north side of Yashan West Road, Jiaxing Port District, and the west side of Dongfang Avenue, with property certificate: Zhejiang (2022) Pinghu City Real Estate Rights No. 0016025) to facilitate Sanjiang Chemical's storage and logistic arrangements as to the various outputs proceed by Mei Fu Petrochemical for the approximately three years ending 31 December 2025.

### ***Term***

The Commissioned Processing and Rental Agreement shall become effective upon obtaining independent shareholders' approval at the EGM and ending on 31 December 2025.

### ***Consideration***

Pursuant to the Commissioned Processing and Rental Agreement, the processing price to be charged by Mei Fu Petrochemical for processing mixed aromatics into benzene, toluene, xylene and residue C6-C8 and letting the aforesaid land use right with a total land use right area of 15,860 square metre shall be the processing cost of Mei Fu Petrochemical plus a mark-up of 5%. Sanjiang Chemical and Mei Fu Petrochemical shall agree on the amount of mixed aromatics being processed at the end of each calendar month and Sanjiang Chemical shall pay the fee to Mei Fu Petrochemical on or before the 15th day of the next calendar month.

### ***Determination of the pricing policy of the fee***

The fee was based on the actual processing cost to be incurred by Mei Fu Petrochemical during the plus a 5% mark-up. The Group is of the view that the basis of determination of the fee to be charged by Mei Fu Petrochemical represents a reasonable profit margin among the chemical processing industry as the Company provides processing services and earns a mark-up of more than 50% in the last three years and the 5% mark-up is based on the average overall gross profit margin of the Group in the last three years.

## **(5) Liquefied Petroleum Gas Sale and Purchase Agreement**

### ***Date***

4 April 2023 (after trading hours)

### ***Parties***

- (1) Mei Fu Petrochemical, a connected person of the Company, as seller; and
- (2) Sanjiang Chemical, an indirectly wholly-owned subsidiary of the Company, as purchaser.

### ***Subject matter***

Pursuant to the Liquefied Petroleum Gas Sale and Purchase Agreement, Sanjiang Chemical has agreed to purchase liquefied petroleum gas from Mei Fu Petrochemical for the approximately three years ending 31 December 2025.

### ***Term***

The Liquefied Petroleum Gas Sale and Purchase Agreement shall become effective upon obtaining independent shareholders' approval at the EGM and ending on 31 December 2025.

### ***Consideration***

Pursuant to the Liquefied Petroleum Gas Sale and Purchase Agreement, the purchase price of liquefied petroleum gas shall be the average monthly price as disclosed by Sinopec Shanghai Petrochemical Co., Ltd during the period between the 25th day of each calendar month till the 24th day of the next calendar month. Sanjiang Chemical and Mei Fu Petrochemical shall agree on the amount of liquefied petroleum gas sold and purchased at the end of each calendar month and Sanjiang Chemical shall pay the consideration to Mei Fu Petrochemical on or before the 15th day of the subsequent calendar month.

### ***Determination of the pricing policy of liquefied petroleum gas***

As the purchase price of liquefied petroleum gas is based on the average monthly price as disclosed by Sinopec Shanghai Petrochemical Co., Ltd during the period between the 25th day of each calendar month till the 24th day of the next calendar month, the Group is of the view that such pricing mechanism best reflects the market price of liquefied petroleum gas and will be on terms not less favourable compared to the price offered by other independent third parties.

## **(6) Mixed C4 Supply Agreement**

### ***Date***

4 April 2023 (after trading hours)

### ***Parties***

(1) Sanjiang Chemical, an indirectly wholly-owned subsidiary of the Company, as supplier; and

(2) Mei Fu Petrochemical, a connected person of the Company, as purchaser.

### ***Subject matter***

Pursuant to the Mixed C4 Supply Agreement, Sanjiang Chemical has agreed to supply mixed C4 to Mei Fu Petrochemical for the approximately three years ending 31 December 2025.

***Term***

The Mixed C4 Supply Agreement shall become effective upon obtaining independent shareholders' approval at the EGM and ending on 31 December 2025.

***Consideration***

Pursuant to the Mixed C4 Supply Agreement, the sale price of mixed C4 shall be determined based on the average monthly price as disclosed by Sinopec Shanghai Petrochemical Co., Ltd during the period between the 25th day of each calendar month till the 24th day of the next calendar month. The actual amount of mixed C4 supplied by Sanjiang Chemical to Mei Fu Petrochemical shall be based on the metre reading of Sanjiang Chemical. Sanjiang Chemical and Mei Fu Petrochemical shall both attend the metre reading on the 28th day of each calendar month and Mei Fu Petrochemical shall pay the consideration to Sanjiang Chemical on or before the 15th day of the next calendar month.

***Determination of the pricing policy of mixed C4***

As the sale price of mixed C4 is based on the average monthly price as disclosed by Sinopec Shanghai Petrochemical Co., Ltd during the period between the 25th day of each calendar month till the 24th day of the next calendar month, the Group is of the view that such pricing mechanism best reflects the market price of mixed C4 and will be on terms not less favourable compared to the price offered to other independent third parties.

**(7) Industrial Cracking C9 Supply Agreement**

***Date***

4 April 2023 (after trading hours)

***Parties***

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

***Subject matter***

Pursuant to the Industrial Cracking C9 Supply Agreement, Sanjiang Chemical has agreed to supply Industrial Cracking C9 to Mei Fu Petrochemical for the approximately three years ending 31 December 2025.

### ***Term***

The Industrial Cracking C9 Supply Agreement shall become effective upon obtaining independent shareholders' approval at the EGM and ending on 31 December 2025.

### ***Consideration***

Pursuant to the Industrial Cracking C9 Supply Agreement, the sale price of Industrial Cracking C9 shall be determined based on the average monthly market price as disclosed by Sinopec Yangzi Petrochemical Company Limited during the period between the 25th day of each calendar month till the 24th day of the next calendar month, plus a fixed amount of RMB1,000/tonne. The actual amount of Industrial Cracking C9 supplied by Sanjiang Chemical to Mei Fu Petrochemical shall be based on the metre reading of Sanjiang Chemical. Sanjiang Chemical and Mei Fu Petrochemical shall both attend the metre reading on the 28th day of each calendar month and Mei Fu Petrochemical shall pay the consideration to Sanjiang Chemical on or before the 15th day of the next calendar month.

### ***Determination of the pricing policy of Industrial Cracking C9***

As the sale price of Industrial Cracking C9 is made with reference to the average monthly market price as disclosed by Sinopec Yangzi Petrochemical Company Limited during the period between the 25th day of each calendar month till the 24th day of the subsequent calendar month, and that the additional fixed amount of RMB1,000/tonne is charged having considered the actual costs to be incurred by the Group for the one stage hydrogenation which is required to stabilize and upgrade Industrial Cracking C9 for onward processing, the Group is of the view that such pricing mechanism best reflects the market price of hydrogenated Industrial Cracking C9 and will be on terms not less favourable compared to the price offered to other independent third parties.

**C. HISTORICAL FIGURES AND PROPOSED ANNUAL CAPS OF EACH OF THE PROPYLENE SALE AND PURCHASE AGREEMENT, PROPANE SALE AND PURCHASE AGREEMENT, NAPHTHA SALE AND PURCHASE AGREEMENT, COMMISSIONED PROCESSING AND RENTAL AGREEMENT, LIQUEFIED PETROLEUM GAS SALE AND PURCHASE AGREEMENT, MIXED C4 SUPPLY AGREEMENT AND INDUSTRIAL CRACKING C9 SUPPLY AGREEMENT**

Set out below are the historical figures for each of the three ended 31 December 2022 and the proposed annual caps for each of the approximately three years ending 31 December 2025 in respect of the transactions contemplated under each of the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement:

Nature of Transaction	Historical transaction amounts with independent third parties			Proposed annual cap		
	For the year ended 31 December			For the year ending 31 December		
	2020	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(i) Propylene Sale and Purchase Agreement	283,621	750,962	674,746	218,750	375,000	375,000
(ii) Propane Sale and Purchase Agreement	—	—	—	70,000	120,000	120,000
(iii) Naphtha Sale and Purchase Agreement	—	—	—	3,266,700	5,600,000	5,600,000
(iv) Commissioned Processing and Rental Agreement	—	—	—	116,700	200,000	200,000
(v) Liquefied Petroleum Gas Sale and Purchase Agreement	—	—	—	87,500	150,000	150,000
(vi) Mixed C4 Supply Agreement	—	9,629	—	61,250	105,000	105,000
(vii) Industrial Cracking C9 Supply Agreement	—	—	—	303,400	520,000	520,000

No historic amount is available as the Group did not enter into any agreements with Mei Fu Petrochemical in respect of the products and processing service as contemplated under each of the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement before.

### **Basis of annual caps**

The proposed annual caps for the Propylene Sale and Purchase Agreement are based on:

- (1) the expected amount of propylene to be required by the Group for the approximately three years ending 31 December 2025; and
- (2) the expected market price of Propylene during the approximately three years ending 31 December 2025 with reference to the relevant price adjustment mechanism, if any.

The proposed annual caps for the Propane Sale and Purchase Agreement are based on:

- (1) the Group's new production facilities being the 6th phase EO/EG production facilities with 1,000,000MT output on a yearly basis and its ancillary upstream level production facilities, set to begin operations in Q2 2023, will enable them to diversify market risks and enhance profitability by adjusting their feedstock composition. As a result of these changes, the Group will need to procure relevant materials like Propane to accommodate the new input ratios;
- (2) the expected amount of propane to be required by the Group's new production facilities for the approximately three years ending 31 December 2025; and
- (3) the expected market price of Propane during the approximately three years ending 31 December 2025 with reference to the relevant price adjustment mechanism, if any.

The proposed annual caps for the Naphtha Sale and Purchase Agreement are based on:

- (1) the Group's new production facilities being the 6th phase EO/EG production facilities with 1,000,000MT output on a yearly basis and its ancillary upstream level production facilities, set to begin operations in Q2 2023, will enable them to diversify market risks and enhance profitability by adjusting their feedstock composition. As a result of these changes, the Group will need to procure relevant materials like Naphtha to accommodate the new input ratios;
- (2) the expected amount of naphtha to be required by the Group's new production facilities for the approximately three years ending 31 December 2025; and
- (3) the expected market price of Naphtha during the approximately three years ending 31 December 2025 with reference to the relevant price adjustment mechanism, if any.



The proposed annual caps for the Commissioned Processing and Rental Agreement are based on:

- (1) the expected amount of mixed aromatics that will be required by the Group according to its maximum output capacity for the approximately three years ending 31 December 2025; and
- (2) the expected processing cost during the approximately three years ending 31 December 2025 plus 5% mark-up.

The proposed annual caps for the Liquefied Petroleum Gas Sale and Purchase Agreement are based on:

- (1) the Group's new production facilities being the 6th phase EO/EG production facilities with 1,000,000MT output on a yearly basis and its ancillary upstream level production facilities, set to begin operations in Q2 2023, will enable them to diversify market risks and enhance profitability by adjusting their feedstock composition. As a result of these changes, the Group will need to procure relevant materials like liquefied petroleum gas to accommodate the new input ratios;
- (2) the expected amount of liquefied petroleum gas to be required by the Group's new production facilities for the approximately three years ending 31 December 2025; and
- (3) the expected market price of Liquefied Petroleum Gas during the approximately three years ending 31 December 2025 with reference to the relevant price adjustment mechanism, if any.

The proposed annual caps for the Mixed C4 Supply Agreement are based on:

- (1) the Group's new production facilities being the 6th phase EO/EG production facilities with 1,000,000MT output on a yearly basis and its ancillary upstream level production facilities, set to begin operations in Q2 2023, will enable them to diversify market risks and enhance profitability by adjusting their feedstock composition. As a result of these changes, the Group will have new output of Mixed C4;
- (2) the expected amount of mixed C4 to be supplied by the Group with reference to the designed output of the Group's new production facilities for the approximately three years ending 31 December 2025; and
- (3) the expected market price of Mixed C4 during the approximately three years ending 31 December 2025 with reference to the relevant price adjustment mechanism, if any.

The proposed annual caps for the Industrial Cracking C9 Supply Agreement are based on:

- (1) the Group's new production facilities being the 6th phase EO/EG production facilities with 1,000,000MT output on a yearly basis and its ancillary upstream level production facilities, set to begin operations in Q2 2023, will enable them to diversify market risks and enhance profitability by adjusting their feedstock composition. As a result of these changes, the Group will have new output of Industrial Cracking C9;
- (2) the expected amount of Industrial Cracking C9 to be supplied by the Group with reference to the designed maximum output of the Group's new production facilities for the approximately three years ending 31 December 2025; and
- (3) the expected market price of Industrial Cracking C9 during the approximately three years ending 31 December 2025 with reference to the relevant price adjustment mechanism, if any.

#### **D. INFORMATION ON THE CONNECTED PERSONS**

Mei Fu Petrochemical is owned as to approximately 82.85% by Mr. Guan indirectly through a number of investment-holding companies controlled by Mr. Guan. As Ms. Han is an executive Director and the spouse of Mr. Guan and Mr. Guan is a director and a controlling shareholder of Mei Fu Petrochemical and a controlling Shareholder of the Company, Mei Fu Petrochemical is therefore an associate of Mr. Guan and Ms. Han and is thus a connected person of the Company.

#### **E. REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS**

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

The Group's new production facilities being the 6th phase EO/EG production facilities with 1,000,000MT output on a yearly basis and its ancillary upstream level production facilities are expected to commence commercial operations during the second quarter of 2023. Such new production facilities includes a light olefin production facility with 1,250,000MT annual output, a EO/EG production facility with 1,000,000MT annual output, a butadiene extraction unit with 80,000MT annual output and a air separation unit with 30,000MT annual output and supporting transformer, storage and transportation, flare, and other public utilities and auxiliary facilities together with the aromatic extraction facilities of Mei Fu

Petrochemical, which adopts a multi-material proportioning and feeding process, effectively responding to the price risk of a single raw material and improving the profitability of the equipment. The new production facilities will enable the Group to diversify market risks in terms of feedstock procurement by rebalancing the composition from the current status of ethylene, propylene and methanol on a 20%–10%–70% basis to the expected input ratio of naphtha, ethane and propane and methanol on a 70%–30% basis. By adjusting the input ratio, the Group can diversify its output product portfolio in order to better manage price fluctuation of its products and ultimately enhance profitability. Accordingly, given the change in feedstock compositions following operation of the new production facilities, the Group will need to procure the relevant materials.

**(1) Reasons for entering into the Propylene Sale and Purchase Agreement**

Propylene is one of the major feedstock of the Group for the purpose of producing PP. The entering into of the Propylene Sale and Purchase Agreement will be on a non-exclusive basis and will enable the Group to obtain one more supply source of Propylene to further secure a steady supply of propylene for PP production purpose. PP is a kind of thermoplastic resin, which can be used in knitting products, injection moulding products, film products, fibre products and pipes. In addition, given that Mei Fu Petrochemical is situate near to the premises of the Group, the transporting costs of propylene can be further reduced.

**(2) Reasons for entering into the Propane Sale and Purchase Agreement**

The Group's new production facilities being the 6th phase EO/EG production facilities and its ancillary upstream level production facilities require propane as one of the feedstock for its production purpose. The entering into of the Propane Sale and Purchase Agreement will be on a non-exclusive basis and will enable the Group to obtain one more supply source of Propane to further secure a steady supply of Propane for its production purpose. In addition, given that Mei Fu Petrochemical is situate near to the premises of the Group, the transporting costs of propylene can be further reduced.

**(3) Reasons for entering into the Naphtha Sale and Purchase Agreement**

The Group's new production facilities being the 6th phase EO/EG production facilities and its ancillary upstream level production facilities require Naphtha as one of the feedstock for its production purpose. The entering into of the Naphtha Sale and Purchase Agreement will be on a non-exclusive basis and will enable the Group to obtain one more supply source of Naphtha to further secure a steady supply of Naphtha for its production purpose. In addition, given that Mei Fu Petrochemical is situate near to the premises of the Group, the transporting costs of Naphtha can be further reduced.

#### **(4) Reasons for entering into the Commissioned Processing and Rental Agreement**

Reference is made to the circular of the Company dated 30 November 2022 in relation to, among other things, the acquisition of the assets known as an aromatic extraction unit (芳烴抽提裝置) which situates at Mei Fu Petrochemical including its ancillary surveillance and monitoring systems together with certain infrastructure attaching to the aromatic extraction unit as fixtures (the “Assets”). The transaction to acquire the Assets is subject to the relevant PRC government authorities’ review and approval. As at the date of this announcement, the PRC government authorities are still reviewing the transaction. Given that the Group’s 6th phase EO/EG production facilities and its ancillary upstream level production facilities will be in operation during the second quarter of 2023 and that it is expected that there will be a by-product output of mixed aromatics of 261,000MT per year, the Group believes that it is necessary to enter into the Commissioned Processing and Rental Agreement to ensure that the mixed aromatics of the Group can be further processed into benzene, toluene, xylene and residue C6-C8 for further processing and/or sale by the Group.

In the event that the Group receives the written notification from the PRC government to proceed with the completion of the Assets, the Group will proceed with the completion of the Assets and thereafter it will not be necessary for the Group to utilize the proposed annual caps under the Commissioned Processing and Rental Agreement as the Group will be able to process the mixed aromatics on its own using the Assets. The entering into of the Commission Processing Agreement is to protect the interests of the Company and its shareholders to ensure that the mixed aromatics could still be processed and generate other raw materials for use and/or sale by the Group pending the outcome in respect of the discussion from the PRC government with respect to completion of acquisition of the Assets.

#### **(5) Reasons for entering into the Liquefied Petroleum Gas Sale and Purchase Agreement**

The entering into of the Liquefied Petroleum Gas Sale and Purchase Agreement will be on a non-exclusive basis and will enable the Group to obtain a steady supply of Liquefied Petroleum Gas for its on-going further processing. In addition, given that Mei Fu Petrochemical is situate near to the premises of the Group, the transporting costs of Liquefied Petroleum Gas can be further reduced.

**(6) Reasons for entering into the Mixed C4 Supply Agreement**

The entering into of the Mixed C4 Supply Agreement will enable the Group to on-sale its mixed C4 on a steady basis and receive a stable income stream. In addition, given that Mei Fu Petrochemical is situate near to the premises of the Group, the transporting costs of mixed C4 can be further reduced.

**(7) Reasons for entering into the Industrial Cracking C9 Supply Agreement**

The entering into of the Industrial Cracking C9 Supply Agreement will enable the Group to on-sale its Industrial Cracking C9 on a steady basis and receive a stable income stream. In addition, given that Mei Fu Petrochemical is situate near to the premises of the Group, the transporting costs of Industrial Cracking C9 can be further reduced.

The Directors (excluding the independent non-executive Directors whose views will be given taking into account the advice to be obtained from the Independent Financial Adviser) are of the view that the terms and conditions of each of the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement are fair and reasonable and on normal commercial terms and in the ordinary and usual course of business of the Group and that the entry into of each of the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement is in the interests of the Company and its Shareholders as a whole.

**F. LISTING RULES IMPLICATIONS**

Mei Fu Petrochemical is owned as to approximately 82.85% by Mr. Guan indirectly through a number of investment-holding companies controlled by Mr. Guan. As Ms. Han is an executive Director and the spouse of Mr. Guan and Mr. Guan is a director and a controlling shareholder of Mei Fu Petrochemical and a controlling Shareholder of the Company, Mei Fu Petrochemical is therefore an associate of Mr. Guan and Ms. Han and is thus a connected person of the Company. As such, the transactions contemplated under each of the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, each of the proposed annual caps under each of the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement are aggregated as (i) they were entered into between members of the Group and a connected person (i.e. Mei Fu Petrochemical); and (ii) they are of a similar nature relating to the sale and purchase of chemical products for the ordinary business of the Group.

As one or more of the applicable ratios in respect of the aggregated proposed annual caps of each of the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement is more than 5%, the transactions contemplated under the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement are therefore subject to reporting, announcement, annual review and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will seek independent shareholders' approval for each of the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement at the EGM. The Company has established the Independent Board Committee to advise the independent shareholders as to whether the terms of each of the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement and the respective proposed annual caps contemplated thereunder are fair and reasonable, in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and Shareholders as whole.



A circular containing, among other things, (i) further information on each of the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement and the respective proposed annual caps thereunder; (ii) the recommendation from the Independent Board Committee; (iii) the advice from the Independent Financial Adviser; and (iv) a notice of the EGM, will be despatched to the Shareholders on or before 30 April 2023.

Ms. Han and Ms. Guan were interested in each of the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement and each of Ms. Han and Ms. Guan therefore abstained from voting on the board resolutions of the Company approving each of the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement and the transactions contemplated thereunder. Save as disclosed, none of the Directors had any material interest in each of the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement and none of them were required to abstain from voting on the board resolutions of the Company in respect thereof.

## **G. DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	board of Directors of the Company;
“Commissioned Processing and Rental Agreement”	the commissioned processing and rental agreement entered into between Mei Fu Petrochemical and Sanjiang Chemical dated 4 April 2023 pursuant to which Sanjiang Chemical has agreed to commission Mei Fu Petrochemical to process mixed aromatics for the approximately three years ending 31 December 2025;



“Company”	China Sanjiang Fine Chemicals Company Limited (中國三江精細化工有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving each of the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement and the respective proposed annual caps contemplated thereunder by the independent Shareholders;
“Group”	the Company and its subsidiaries, from time to time;
“Hangzhou Haoming”	杭州浩明投資有限公司 (Hangzhou Haoming Investment Co., Ltd.*), a company established in the PRC with limited liability on 26 March 1998, is owned as to 75% by Mr. Guan, 20% by Ms. Han and 5% by Mr. Han Jianping, the brother of Ms. Han, respectively and is therefore a connected person of the Company;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors established to advise the independent Shareholders on the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement and the respective proposed annual caps contemplated thereunder;

“Independent Financial Adviser”	Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed by the Company to advise the Independent Board Committee and the independent Shareholders in relation to the Propylene Sale and Purchase Agreement, Propane Sale and Purchase Agreement, Naphtha Sale and Purchase Agreement, Commissioned Processing and Rental Agreement, Liquefied Petroleum Gas Sale and Purchase Agreement, Mixed C4 Supply Agreement and Industrial Cracking C9 Supply Agreement and the respective proposed annual caps contemplated thereunder;
“Industrial Cracking C9 Supply Agreement”	the supply agreement entered into between Sanjiang Chemical and Mei Fu Petrochemical dated 4 April 2023 pursuant to which Sanjiang Chemical has agreed to supply Industrial Cracking C9 to Mei Fu Petrochemical for the approximately three years ending 31 December 2025;
“Jianghao Investment”	嘉興港區江浩投資發展有限公司 (Jiaying Gangqu Jianghao Investment Development Company Limited*), a company established in PRC with limited liability, and a company which is owned by Mr. Guan and Ms. Han as to 80.00% and 20.00% respectively and is therefore a connected person of the Company;
“Liquefied Petroleum Gas Sale and Purchase Agreement”	the supply agreement entered into between Mei Fu Petrochemical and Sanjiang Chemical dated 4 April 2023 pursuant to which Sanjiang Chemical has agreed to purchase liquefied petroleum gas from Mei Fu Petrochemical for the approximately three years ending 31 December 2025;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Mei Fu Petrochemical”	浙江美福石油化工有限公司 (Zhejiang Mei Fu Petrochemical Co., Ltd*), a company established in the PRC with limited liability, is owned as to 33.00% by Sure Capital, 31.85% by Hangzhou Haoming, 18.00% by Jianghao Investment and 17.15% by Ningbo Yongsheng. Mr. Guan is a controlling shareholder of the Company and the spouse of Ms. Han, an executive Director of the Company. As Ms. Han is an executive Director and Mr. Guan is a controlling shareholder of the Company, Mei Fu Petrochemical is therefore an associate of Mr. Guan and Ms. Han and is thus a connected person of the Company;
“Mixed C4 Supply Agreement”	the supply agreement entered into between Sanjiang Chemical and Mei Fu Petrochemical dated 4 April 2023 pursuant to which Sanjiang Chemical has agreed to supply mixed C4 to Mei Fu Petrochemical for the approximately three years ending 31 December 2025;
“Mr. Guan”	Mr. Guan Jianzhong, a controlling Shareholder of the Company;
“Ms. Guan”	Ms. Guan Siyi, an executive Director and the daughter of Mr. Guan and Ms. Han;
“Ms. Han”	Ms. Han Jianhong, an executive Director and the spouse of Mr. Guan;
“Naphtha Sale and Purchase Agreement”	the sale and purchase agreement entered into between Mei Fu Petrochemical and Sanjiang Chemical dated 4 April 2023 pursuant to which Sanjiang Chemical has agreed to purchase naphtha from Mei Fu Petrochemical for the approximately three years ending 31 December 2025;
“Ningbo Yongsheng”	寧波涌升石化有限公司 (Ningbo Yongsheng Petroleum Co. Ltd*), a company established in the PRC with limited liability and is owned as to 99% by Zhuo Dingguo* (卓定國) and 1% by Zhong Yan* (鍾燕), all of whom are independent from the Company and its connected person(s);
“ppm”	parts per million
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan

“Propane Sale and Purchase Agreement”	the sale and purchase agreement entered into between Sanjiang Chemical and Mei Fu Petrochemical dated 4 April 2023 pursuant to which Sanjiang Chemical has agreed to purchase propane from Mei Fu Petrochemical for the approximately three years ending 31 December 2025;
“Propylene Sale and Purchase Agreement”	the sale and purchase agreement entered into between Mei Fu Petrochemical and Sanjiang Haojia dated 4 April 2023 pursuant to which Sanjiang Haojia has agreed to purchase propylene from Mei Fu Petrochemical for the approximately three years ending 31 December 2025;
“RMB”	Renminbi yuan, the lawful currency of the PRC;
“Sanjiang Chemical”	三江化工有限公司 (Sanjiang Chemical Co. Ltd.*), a company established in the PRC with limited liability on 9 December 2003, which is an indirect wholly-owned subsidiary of the Company;
“Sanjiang Haojia”	三江浩嘉高分子材料科技有限公司 (Sanjiang Haojia High Polymer Material Technology Co., Ltd*), a company established in the PRC with limited liability on 28 December 2018, which is an indirect wholly-owned subsidiary of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Share(s)”	shares in the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Sure Capital”	Sure Capital Holdings Limited, which holds approximately 43.30% shares of the Company, is wholly-owned by Yihao Development Limited which was held under the Yihao Trust, the trustee of which was Vistra Trust (Singapore) Pte. Ltd. The Yihao Trust was established by Mr. Guan and Ms. Han as settlors for the benefit of the children of Mr. Guan and Ms. Han and their issue; and
“%”	Per cent

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

The PRC, 4 April 2023

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

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