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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) SHORT TERM STEAM SUPPLY AGREEMENT**
- (2) SHORT TERM FATTY ALCOHOL SUPPLY AGREEMENT**
- (3) SHORT TERM STORAGE AND LOADING SERVICES AGREEMENT**
- (4) SHORT TERM ETHYLENE SUPPLY AGREEMENT**
- (5) SHORT TERM TOLUENE SUPPLY AGREEMENT**
- (6) SHORT TERM GAS SUPPLY AGREEMENT**

**CONTINUING CONNECTED TRANSACTIONS**

**(1) Short Term Steam Supply Agreement**

On 25 December 2023 (after trading hours), Jiahua Energy Chemical Co. and the Company entered into the Short Term Steam Supply Agreement pursuant to which, Jiahua Energy Chemical Co. (including its subsidiaries) has agreed to supply low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) to the Company (including its subsidiaries) for 2 months commencing from 1 January 2024 to 29 February 2024 with a cap not exceeding RMB50,000,000.

**(2) Short Term Fatty Alcohol Supply Agreement**

On 25 December 2023 (after trading hours), Jiahua Energy Chemical Co. and the Company entered into the Short Term Fatty Alcohol Supply Agreement pursuant to which, Jiahua Energy Chemical Co. (including its subsidiaries) has agreed to supply fatty alcohol to the Company (including its subsidiaries) for 2 months commencing from 1 January 2024 to 29 February 2024 with a cap not exceeding RMB25,000,000.

**(3) Short Term Storage and Loading Services Agreement**

On 25 December 2023 (after trading hours), Jiahua Energy Chemical Co. and the Company entered into the Short Term Storage and Loading Services Agreement pursuant to which, Jiahua Energy Chemical Co. (including its subsidiaries) has agreed to supply docking and port storage and loading services to the Company (including its subsidiaries) for 2 months commencing from 1 January 2024 to 29 February 2024 with a cap not exceeding RMB45,000,000.

**(4) Short Term Ethylene Supply Agreement**

On 25 December 2023 (after trading hours), the Company and Jiahua Energy Chemical Co. entered into the Short Term Ethylene Supply Agreement pursuant to which, the Company (including its subsidiaries) has agreed to supply ethylene to the Jiahua Energy Chemical Co. (including its subsidiaries) for 2 months commencing from 1 January 2024 to 29 February 2024 with a cap not exceeding RMB50,000,000.

**(5) Short Term Toluene Supply Agreement**

On 25 December 2023 (after trading hours), the Company and Jiahua Energy Chemical Co. entered into the Short Term Toluene Supply Agreement pursuant to which, the Company (including its subsidiaries) has agreed to supply toluene to the Jiahua Energy Chemical Co. (including its subsidiaries) for 2 months commencing from 1 January 2024 to 29 February 2024 with a cap not exceeding RMB25,000,000.

**(6) Short Term Gas Supply Agreement**

On 25 December 2023 (after trading hours), the Company and Jiahua Energy Chemical Co. entered into the Short Term Gas Supply Agreement pursuant to which, the Company (including its subsidiaries) has agreed to supply oxygen, nitrogen, hydrogen and fuel gas to the Jiahua Energy Chemical Co. (including its subsidiaries) for 2 months commencing from 1 January 2024 to 29 February 2024 with a cap not exceeding RMB25,000,000.

## **LISTING RULES IMPLICATION**

Jiahua Energy Chemical Co. is owned as to approximately 36.77% by Jiahua, which is ultimately controlled by Mr. Guan and Ms. Han.

As Ms. Han is Mr. Guan's wife and an executive Director and Mr. Guan is a controlling Shareholder of the Company, Jiahua Energy Chemical Co. is therefore an associate of Mr. Guan and Ms. Han and is thus a connected person of the Company and the transactions contemplated under each of the (1) Short Term Steam Supply Agreement, (2) Short Term Fatty Alcohol Supply Agreement, (3) Short Term Storage and Loading Services Agreement, (4) Short Term Ethylene Supply Agreement, (5) Short Term Toluene Supply Agreement and (6) Short Term Gas Supply Agreement constitute continuing connected transaction(s) of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable ratios in respect of the proposed caps for each of the (1) Short Term Steam Supply Agreement, (2) Short Term Fatty Alcohol Supply Agreement, (3) Short Term Storage and Loading Services Agreement, (4) Short Term Ethylene Supply Agreement, (5) Short Term Toluene Supply Agreement and (6) Short Term Gas Supply Agreement are more than 0.1% but less than 5%, the transactions contemplated under each of the (1) Short Term Steam Supply Agreement, (2) Short Term Fatty Alcohol Supply Agreement, (3) Short Term Storage and Loading Services Agreement, (4) Short Term Ethylene Supply Agreement, (5) Short Term Toluene Supply Agreement and (6) Short Term Gas Supply Agreement are therefore subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 25 December 2023 (after trading hours), the Company entered into the following continuing connected transactions with Jiahua Energy Chemical Co. each for two months ending 29 February 2024.

Set out below are the principal terms of each of the (1) Short Term Steam Supply Agreement, (2) Short Term Fatty Alcohol Supply Agreement, (3) Short Term Storage and Loading Services Agreement, (4) Short Term Ethylene Supply Agreement, (5) Short Term Toluene Supply Agreement and (6) Short Term Gas Supply Agreement.

### **(1) Short Term Steam Supply Agreement**

#### ***Date***

25 December 2023 (after trading hours)

### ***Parties***

- (1) Jiahua Energy Chemical Co., a connected person; and
- (2) the Company.

### ***Subject matter***

Pursuant to the Short Term Steam Supply Agreement, Jiahua Energy Chemical Co. (including its subsidiaries) has agreed to supply low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) to the Company (including its subsidiaries) for 2 months commencing from 1 January 2024 to 29 February 2024 with a cap not exceeding RMB50,000,000.

### ***Term***

The Short Term Steam Supply Agreement shall commence from 1 January 2024 to 29 February 2024 (both days inclusive).

In the event that Jiahua Energy Chemical Co. and the Company are able to enter into a long term framework agreement in respect of the supply of low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa), the Short Term Steam Supply Agreement shall automatically terminate, even if the term of the Short Term Steam Supply Agreement has not expired.

### ***Consideration***

Pursuant to the Short Term Steam Supply Agreement, the purchase price for low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) shall be at a price which is the weighted average of those obtained by Jiahua Energy Chemical Co. from its independent purchasers for the relevant product of comparable quality and steam pressure during the same month of supply. The purchase price payable by the Company in respect of purchases under the Short Term Steam Supply Agreement shall be tallied on the 25th day each calendar month.

### ***Determination of the pricing policy of steam***

The Group will seek to employ the following measures to ensure that the price of low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) offered by Jiahua Energy Chemical Co. to the Company pursuant to the Short Term Steam Supply Agreement will be no less favourable than

the price of supplying low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) of comparable quality to other independent third party(ies) by Jiahua Energy Chemical Co.:

- (1) the finance department of the Group will obtain (i) all monthly invoices issued by Jiahua Energy Chemical Co. to its independent purchasers that purchase low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) of comparable quality; and (ii) all supply contracts regarding low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) of comparable quality entered into between Jiahua Energy Chemical Co. and other independent purchasers on a regular basis, to ascertain the completeness of the calculation (to be provided by Jiahua Energy Chemical Co.) as to the weighted average purchase prices of low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) since the purchase prices of low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) payable by the Company are agreed to be the weighted average prices of such steam of comparable quality offered by Jiahua Energy Chemical Co. to its independent purchasers during the same month of supply; and
- (2) in the event that the prices of low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) that Jiahua Energy Chemical Co. charges the Company are higher than the weighted average purchase prices of such low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) of comparable quality offered by Jiahua Energy Chemical Co. to its independent purchasers (in other words the prices of low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) that Jiahua Energy Chemical Co. charges the Company are less favourable than those charged by Jiahua Energy Chemical Co. to independent third parties) during the same month of supply, the Company will negotiate with Jiahua Energy Chemical Co. to adjust the proposed purchase prices of low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) to prices that are equal to or lower than the weighted average purchase prices it offers to those independent purchasers. If the prices of low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) Jiahua Energy Chemical Co. offers to the Company are no less favourable than the weighted average of the purchase prices it offers to independent purchasers, the finance department of the Group will arrange for the approval of the prices offered by Jiahua Energy Chemical Co. by each of the head of the finance department of the Group and the general manager of the Group.

The Directors consider that the methods and actual procedures adopted by the Group in determining the pricing of low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) as described above can ensure that the transactions contemplated under the Short Term Steam Supply Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders, taking into account that the above procedures will make reference to prices Jiahua Energy Chemical Co. offers to independent third party(ies) and thus serve as a safeguarding measure to prevent any possibility that the final pricing offered to the connected person will turn out to be less favourable to the Group than the market price.

***Historical Transaction Figures and Proposed Caps***

Set out below are the historical figures for each of the twelve months ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023 and the proposed cap for the two months ending 29 February 2024 in respect of the transactions contemplated under the Short Term Steam Supply Agreement:

<b>Transaction</b>	<b>Historical amount</b>			<b>Proposed cap amount</b>
	<b>For the twelve months ended 31 December</b>		<b>For the eleven months ended 30 November</b>	<b>For the two months ended 29 February</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Purchase of low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa)	562,193	672,716	589,935	50,000

***Basis of the Cap***

The proposed cap for the Short Term Steam Supply Agreement are based on:

- (1) the historical amount of purchases of low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) made by the Group from Jiahua Energy Chemical Co. for each of the twelve months ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023;

- (2) the expected amount of purchases of low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) to be made by the Group from Jiahua Energy Chemical Co. for the two months ending 29 February 2024; and
- (3) the expected unit price of low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) for the two months ending 29 February 2024, taking into account the average unit prices of low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) transacted between the Group and Jiahua Energy Chemical Co. for each of the twelve months ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023, being the actual figures available to the Company at the time when the Company made the relevant cap estimation.

Such projections are assumed solely for determining the cap and shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of the Group.

The independent non-executive Directors and the auditor of the Company will on a regular basis be provided with the (i) Short Term Steam Supply Agreement; (ii) agreements entered into between Jiahua Energy Chemical Co. and independent third parties; and (iii) fee quotations provided by independent third parties for the supply of low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) for review and comparison purposes. The independent non-executive Directors will also review and compare the relevant payment terms, payment method and price payable under these agreements to ensure that the transactions contemplated under the Short Term Steam Supply Agreement are conducted on normal commercial terms. The auditor of the Company will review and confirm the transactions contemplated under the Short Term Steam Supply Agreement are conducted in accordance with the terms of the Short Term Steam Supply Agreement.

## **(2) Short Term Fatty Alcohol Supply Agreement**

### ***Date***

25 December 2023 (after trading hours)

### ***Parties***

- (1) Jiahua Energy Chemical Co., a connected person; and
- (2) the Company.

### ***Subject matter***

Pursuant to the Short Term Fatty Alcohol Supply Agreement, Jiahua Energy Chemical Co. (including its subsidiaries) has agreed to supply fatty alcohol to the Company (including its subsidiaries) for 2 months commencing from 1 January 2024 to 29 February 2024 with a cap not exceeding RMB25,000,000.

### ***Term***

The Short Term Fatty Alcohol Supply Agreement shall commence from 1 January 2024 to 29 February 2024 (both days inclusive).

In the event that Jiahua Energy Chemical Co. and the Company are able to enter into a long term framework agreement in respect of the supply of fatty alcohol, the Short Term Fatty Alcohol Supply Agreement shall automatically terminate, even if the term of the Short Term Fatty Alcohol Supply Agreement has not expired.

### ***Consideration***

Pursuant to the Short Term Fatty Alcohol Supply Agreement, the purchase price for fatty alcohol shall be the weighted average price of the fatty alcohol purchased by Jiahua Energy Chemical Co.'s independent customers with comparable purchase level of the Company during the same month of supply.

### ***Determination of the pricing policy of fatty alcohol***

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



### ***Historical Transaction Figures and Proposed Caps***

Set out below are the historical figures for each of the twelve months ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023 and the proposed cap for the two months ending 29 February 2024 in respect of the transactions contemplated under the Short Term Fatty Alcohol Supply Agreement:

<b>Transaction</b>	<b>Historical amount</b>			<b>Proposed cap amount</b>
	<b>For the twelve months ended 31 December 2021</b>	<b>For the twelve months ended 2022</b>	<b>For the eleven months ended 30 November 2023</b>	<b>For the two months ended 29 February 2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Purchase of fatty alcohol	—	70,006	59,209	25,000

### ***Basis of the Cap***

The proposed cap for the Short Term Fatty Alcohol Supply Agreement are based on:

- (1) the historical amount of purchases of fatty alcohol made by the Group from Jiahua Energy Chemical Co. for each of the twelve months ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023;
- (2) the expected amount of purchases to be made by the Group from Jiahua Energy Chemical Co. for the two months ending 29 February 2024; and
- (3) the estimated market price of fatty alcohol for the two months ending 29 February 2024, taking into account the simple average prevailing market price of fatty alcohol for each of the twelve months ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023, being the actual figures available to the Company at the time when the Company made the relevant cap estimation.

Such projections are assumed solely for determining the cap and shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of the Group.

### **(3) Short Term Storage and Loading Services Agreement**

#### ***Date***

25 December 2023 (after trading hours)

#### ***Parties***

- (1) Jiahua Energy Chemical Co., a connected person; and
- (2) the Company.

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

Pursuant to the Short Term Storage and Loading Services Agreement, Jiahua Energy Chemical Co. (including its subsidiaries) has agreed to supply docking and port storage and loading services to the Company (including its subsidiaries) for 2 months commencing from 1 January 2024 to 29 February 2024 with a cap not exceeding RMB45,000,000.

#### ***Term***

The Short Term Storage and Loading Services Agreement shall commence from 1 January 2024 to 29 February 2024 (both days inclusive).

In the event that Jiahua Energy Chemical Co. and the Company are able to enter into a long term framework agreement in respect of the supply of docking and port storage and loading services, the Short Term Storage and Loading Services Agreement shall automatically terminate, even if the term of the Short Term Storage and Loading Services Agreement has not expired.

#### ***Consideration***

Pursuant to the Short Term Storage and Loading Services Agreement, the docking and loading services for the designated chemicals under the Short Term Storage and Loading Services Agreement shall be between the range of RMB25 to RMB100 per tonne whereas the port storage services shall be between the range of RMB100 to RMB250 per tonne, both depending on the type of goods and the level of usage, on the basis of the prevailing market rate and after arm's length negotiation.

### ***Determination of the pricing policy of docking and port storage and loading services***

In order to ensure that the unit rate per tonne offered by Jiahua Energy Chemical Co. is no less favourable than the prevailing market rate, the Company would compare quotations from the other independent service providers for the docking and port storage and loading services in the relevant area, analyse such market information, and the unit rate for the docking and port storage and loading services is agreed after arm's length negotiation with Jiahua Energy Chemical Co.. Currently, the Group also uses other docking, port and storage services provided by other third parties in the same region. Should the other independent docking, port and storage services providers are able to provide docking, port and storage services of comparable quality taking into account the timing for queuing up, at prices lower than the rates offered by Jiahua Energy Chemical Co. on similar terms and conditions offered by Jiahua Energy Chemical Co., the Group will then appoint the other docking, port and storage service providers for the provision of docking, port and storage services as the non-exclusive arrangement under the Short Term Storage and Loading Services Agreement allows the Group to use other docking, port and storage services providers on a discretionary basis.

Accordingly, the Board considers that the methods and procedures can ensure that the engagement of the docking and port storage and loading services will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders as a whole.

### ***Historical Transaction Figures and Proposed Caps***

Set out below are the historical figures for each of the twelve months ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023 and the proposed cap for the two months ending 29 February 2024 in respect of the transactions contemplated under the Short Term Storage and Loading Services Agreement:

<b>Transaction</b>	<b>Historical amount</b>			<b>Proposed cap amount</b>
	<b>For the twelve months ended 31 December 2021</b>	<b>For the twelve months ended 2022</b>	<b>For the eleven months ended 30 November 2023</b>	<b>For the two months ended 29 February 2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
supply of docking and port storage and loading services	83,777	69,818	112,641	45,000

### ***Basis of the Cap***

The proposed cap for the Short Term Storage and Loading Services Agreement are based on:

- (1) the historical amount of fees paid by the Group to Jiahua Energy Chemical Co. for each of the twelve months ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023;
- (2) the expected unit fees to be paid by the Group to Jiahua Energy Chemical Co. for the two months ending 29 February 2024;
- (3) the expected unit of service to be required by the Group for docking and port storage and loading services for the two months ending 29 February 2024, taking into account the simple average prevailing unit of service for each of the twelve months ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023, being the actual figures available to the Company at the time when the Company made the relevant cap estimation; and
- (4) the expected market conditions and increase in demand for docking and port storage and loading services from the Company.

Such projections are assumed solely for determining the cap and shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of the Group.

#### **(4) Short Term Ethylene Supply Agreement**

##### ***Date***

25 December 2023 (after trading hours)

##### ***Parties***

- (1) the Company; and
- (2) Jiahua Energy Chemical Co., a connected person.

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

Pursuant to the Short Term Ethylene Supply Agreement, the Company (including its subsidiaries) has agreed to supply ethylene to the Jiahua Energy Chemical Co. (including its subsidiaries) for 2 months commencing from 1 January 2024 to 29 February 2024 with a cap not exceeding RMB50,000,000.

### ***Term***

The Short Term Ethylene Supply Agreement shall commence from 1 January 2024 to 29 February 2024 (both days inclusive).

In the event that the Company and Jiahua Energy Chemical Co. are able to enter into a long term framework agreement in respect of the supply of ethylene, the Short Term Ethylene Supply Agreement shall automatically terminate, even if the term of the Short Term Ethylene Supply Agreement has not expired.

### ***Consideration***

Pursuant to the Short Term Ethylene Supply Agreement, the selling price for ethylene shall be at a price which is the weighted average of those offered by the Company to its independent customers for the relevant product of comparable quality during the same month of supply.

### ***Determination of the pricing policy of ethylene***

In order to ensure that the selling price is no less favourable than the prevailing market price, the Company would compare the selling price offered by its independent customers and the unit purchase price will be agreed after arm's length negotiation with Jiahua Energy Chemical Co. In particular, the Company will seek to employ the following measures:

- (1) the finance department of the Group will obtain (i) all monthly invoices issued by Group to its independent customers that purchase ethylene from the Group; and (ii) all selling contracts regarding ethylene of comparable quality entered into between the Group and other independent customers on a regular basis to ascertain the completeness of the calculation as to the weighted average selling prices of ethylene since the selling prices of ethylene payable by Jiahua Energy Chemical Co. are agreed to be the weighted average prices of such ethylene of comparable quality offered by the Group to its independent customers during the same month of supply; and
- (2) in the event that the prices of ethylene that the Group sells Jiahua Energy Chemical Co. are lower than the weighted average selling prices of such ethylene of comparable quality offered by the Group to its independent customers (in other words the prices of ethylene that the Group charges Jiahua Energy Chemical Co. are less favourable than those offered by the Group to independent customers) during the same month of supply, the Group will negotiate with Jiahua Energy Chemical Co. to adjust the proposed selling prices of ethylene to prices that are equal to or higher than the weighted average selling prices it offers to those independent customers. If the prices of ethylene the Group offers to Jiahua Energy Chemical Co. are no less favourable than the weighted average of the selling price it offers to independent customers, the

finance department of the Group will arrange for the approval of the prices offered by the Group by each of the head of the finance department of the Group and the general manager of the Group.

Accordingly, the Board considers that the methods and procedures can ensure that the sale of ethylene will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders as a whole.

***Historical Transaction Figures and Proposed Caps***

Set out below are the historical figures for each of the twelve months ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023 and the proposed cap for the two months ending 29 February 2024 in respect of the transactions contemplated under the Short Term Ethylene Supply Agreement:

<b>Transaction</b>	<b>Historical amount</b>			<b>Proposed cap amount</b>
	<b>For the twelve months ended 31 December</b>		<b>For the eleven months ended 30 November</b>	<b>For the two months ended 29 February</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
supply of ethylene	—	—	454,235	50,000

***Basis of the Cap***

The proposed cap for the Short Term Ethylene Supply Agreement are based on:

- (1) the historical amount of purchases of ethylene made by Jiahua Energy Chemical Co. from the Group for each of the twelve months ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023;
- (2) the expected amount of purchases to be made by Jiahua Energy Chemical Co., based on Jiahua Energy Chemical Co.'s production capacity ramp-up plan, from the Group for ethylene for the two months ending 29 February 2024; and
- (3) the expected unit price of ethylene for the two months ending 29 February 2024, taking into account the simple average prevailing market price of ethylene for each of the twelve months ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023, being the actual figures available to the Company at the time when the Company made the relevant annual cap estimation.

Such projections are assumed solely for determining the cap and shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of the Group.

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

#### **(5) Short Term Toluene Supply Agreement**

***Date***

25 December 2023 (after trading hours)

***Parties***

- (1) the Company; and
- (2) Jiahua Energy Chemical Co., a connected person.

***Subject matter***

Pursuant to the Short Term Toluene Supply Agreement, the Company (including its subsidiaries) has agreed to supply toluene to the Jiahua Energy Chemical Co. (including its subsidiaries) for 2 months commencing from 1 January 2024 to 29 February 2024 with a cap not exceeding RMB25,000,000.

***Term***

The Short Term Toluene Supply Agreement shall commence from 1 January 2024 to 29 February 2024 (both days inclusive).

In the event that the Company and Jiahua Energy Chemical Co. are able to enter into a long term framework agreement in respect of the supply of toluene, the Short Term Toluene Supply Agreement shall automatically terminate, even if the term of the Short Term Toluene Supply Agreement has not expired.

### ***Consideration***

Pursuant to the Short Term Toluene Supply Agreement, the selling price for toluene shall be at a price which is the weighted average of those offered by the Company to its independent customers for the relevant product of comparable quality and volume during the same month of supply.

### ***Determination of the pricing policy of toluene***

In order to ensure that the selling price is no less favourable than the prevailing market price, the Company would compare the selling price offered to its independent customers and the unit purchase price will be agreed after arm's length negotiation with Jiahua Energy Chemical Co. In particular, the Company will seek to employ the following measures:

- (1) the finance department of the Group will obtain (i) all monthly invoices issued by Group to its independent customers that purchase toluene from the Group; and (ii) all selling contracts regarding toluene of comparable quality entered into between the Group and other independent customers on a regular basis to ascertain the completeness of the calculation as to the weighted average selling prices of toluene since the selling prices of toluene payable by Jiahua Energy Chemical Co. are agreed to be the weighted average prices of such toluene of comparable quality offered by the Group to its independent customers during the same month of supply; and
- (2) in the event that the prices of toluene that the Group sells Jiahua Energy Chemical Co. are lower than the weighted average selling prices of such toluene of comparable quality offered by the Group to its independent customers (in other words the prices of toluene that the Group charges Jiahua Energy Chemical Co. are less favourable than those offered by the Group to independent customers) during the same month of supply, the Group will negotiate with Jiahua Energy Chemical Co. to adjust the proposed selling prices of toluene to prices that are equal to or higher than the weighted average selling prices it offers to those independent customers. If the prices of toluene the Group offers to Jiahua Energy Chemical Co. are no less favourable than the weighted average of the selling price it offers to independent customers, the finance department of the Group will arrange for the approval of the prices offered by the Group by each of the head of the finance department of the Group and the general manager of the Group.

Accordingly, the Board considers that the methods and procedures can ensure that the sale of toluene will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders as a whole.



### ***Historical Transaction Figures and Proposed Caps***

Set out below are the historical figures for each of the twelve months ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023 and the proposed cap for the two months ending 29 February 2024 in respect of the transactions contemplated under the Short Term Toluene Supply Agreement:

<b>Transaction</b>	<b>Historical amount</b>			<b>Proposed cap amount</b>
	<b>For the twelve months ended 31 December 2021</b>	<b>For the twelve months ended 2022</b>	<b>For the eleven months ended 30 November 2023</b>	<b>For the two months ended 29 February 2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
supply of toluene	—	—	4,337	25,000

### ***Basis of the Cap***

The proposed cap for the Short Term Toluene Supply Agreement are based on:

- (1) the historical amount of purchase of toluene made by Jiahua Energy Chemical Co. from the Group for each of the twelve months ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023;
- (2) the expected amount of purchasing to be made by Jiahua Energy Chemical Co. from the Group for the two months ending 29 February 2024; and
- (3) the estimated market price of toluene for the two months ending 29 February 2024, taking into account the simple average prevailing market price of toluene for each of the twelve months ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023, being the actual figures available to the Company at the time when the Company made the relevant cap estimation.

Such projections are assumed solely for determining the cap and shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of the Group.

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

## **(6) Short Term Gas Supply Agreement**

### ***Date***

25 December 2023 (after trading hours)

### ***Parties***

- (1) the Company; and
- (2) Jiahua Energy Chemical Co., a connected person.

### ***Subject matter***

Pursuant to the Short Term Gas Supply Agreement, the Company (including its subsidiaries) has agreed to supply oxygen, nitrogen, hydrogen and fuel gas to the Jiahua Energy Chemical Co. (including its subsidiaries) for 2 months commencing from 1 January 2024 to 29 February 2024 with a cap not exceeding RMB25,000,000

### ***Term***

The Short Term Gas Supply Agreement shall commence from 1 January 2024 to 29 February 2024 (both days inclusive).

In the event that the Company and Jiahua Energy Chemical Co. are able to enter into a long term framework agreement in respect of the supply of oxygen, nitrogen, hydrogen and fuel gas, the Short Term Gas Supply Agreement shall automatically terminate, even if the term of the Short Term Gas Supply Agreement has not expired.

### ***Consideration***

Pursuant to the Short Term Gas Supply Agreement, the selling price for oxygen, nitrogen, hydrogen and fuel gas shall be at a price which is the weighted average of those offered by the Company to its independent customers for the relevant product of comparable quality and volume during the same month of supply.

### ***Determination of the pricing policy of oxygen, nitrogen, hydrogen and fuel gas***

In order to ensure that the selling price is no less favourable than the prevailing market price, the Company would compare the selling price offered to its independent customers and the unit purchase price will be agreed after arm's length negotiation with Jiahua Energy Chemical Co. In particular, the Company will seek to employ the following measures:

- (1) the finance department of the Group will obtain (i) all monthly invoices issued by Group to its independent customers that purchase oxygen, nitrogen, hydrogen and fuel gas from the Group; and (ii) all selling contracts regarding oxygen, nitrogen, hydrogen and fuel gas of comparable quality entered into between the Group and other independent customers on a regular basis to ascertain the completeness of the calculation as to the weighted average selling prices of oxygen, nitrogen, hydrogen and fuel gas since the selling prices of oxygen, nitrogen, hydrogen and fuel gas payable by Jiahua Energy Chemical Co. are agreed to be the weighted average prices of such oxygen, nitrogen, hydrogen and fuel gas of comparable quality offered by the Group to its independent customers during the same month of supply; and
- (2) in the event that the prices of oxygen, nitrogen, hydrogen and fuel gas that the Group sells Jiahua Energy Chemical Co. are lower than the weighted average selling prices of such oxygen, nitrogen, hydrogen and fuel gas of comparable quality offered by the Group to its independent customers (in other words the prices of oxygen, nitrogen, hydrogen and fuel gas that the Group charges Jiahua Energy Chemical Co. are less favourable than those offered by the Group to independent customers) during the same month of supply, the Group will negotiate with Jiahua Energy Chemical Co. to adjust the proposed selling prices of oxygen, nitrogen, hydrogen and fuel gas to prices that are equal to or higher than the weighted average selling prices it offers to those independent customers. If the prices of oxygen, nitrogen, hydrogen and fuel gas the Group offers to Jiahua Energy Chemical Co. are no less favourable than the weighted average of the selling price it offers to independent customers, the finance department of the Group will arrange for the approval of the prices offered by the Group by each of the head of the finance department of the Group and the general manager of the Group.

Accordingly, the Board considers that the methods and procedures can ensure that the sale of oxygen, nitrogen, hydrogen and fuel gas will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders as a whole.

### ***Historical Transaction Figures and Proposed Caps***

Set out below are the historical figures for each of the twelve months ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023 and the proposed cap for the two months ending 29 February 2024 in respect of the transactions contemplated under the Short Term Gas Supply Agreement:

<b>Transaction</b>	<b>Historical amount</b>			<b>Proposed cap amount</b>
	<b>For the twelve months ended 31 December 2021</b>	<b>For the twelve months ended 2022</b>	<b>For the eleven months ended 30 November 2023</b>	<b>For the two months ended 29 February 2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
supply of oxygen, nitrogen, hydrogen and fuel gas	26,334	35,888	32,694	25,000

### ***Basis of the Cap***

The proposed cap for the Short Term Gas Supply Agreement are based on:

- (1) the historical amount of purchase of oxygen, nitrogen, hydrogen and fuel gas made by Jiahua Energy Chemical Co. from the Group for each of the twelve months ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023;
- (2) the expected amount of purchasing to be made by Jiahua Energy Chemical Co. from the Group for the two months ending 29 February 2024; and
- (3) the estimated market price of oxygen, nitrogen, hydrogen and fuel gas for the two months ending 29 February 2024, taking into account the simple average prevailing market price of oxygen, nitrogen, hydrogen and fuel gas for each of the twelve months ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023, being the actual figures available to the Company at the time when the Company made the relevant cap estimation.

Such projections are assumed solely for determining the cap and shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of the Group.

The independent non-executive Directors and the auditor of the Company will on a regular basis be provided with the (i) Short Term Gas Supply Agreement; (ii) agreements entered into between the Group and independent third parties; and (iii) fee quotations provided by independent third parties for the purchase of oxygen, nitrogen, hydrogen and fuel gas for review and comparison purposes. The independent non-executive Directors will also review and compare the relevant payment terms, payment method and price payable under these agreements to ensure that the transactions contemplated under the Short Term Gas Supply Agreement are conducted on normal commercial terms. The auditor of the Company will review and confirm the transactions contemplated under the Short Term Gas Supply Agreement are conducted in accordance with the terms of the Short Term Gas Supply Agreement.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

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

### **(1) Short Term Steam Supply Agreement**

Given that Jiahua Energy Chemical Co. is the only company that provides low, medium and high pressure steam in the Zhapu area of Jiaying City, the PRC, which is the same economic development zone where the Group is located, it is impractical for the Group to source steam from another area as both steam pressure and steam heat would be lost substantially during the transmission of steam through long-distance pipelines. In particular, as the production base of the Group is situated close to that of Jiahua Energy Chemical Co., the transportation cost of steam from Jiahua Energy Chemical Co. to the Group is reduced. Moreover, Jiahua Energy Chemical Co. has been supplying steam to the Group since the year ended 31 December 2007 and the quality of goods and services provided by it has been considered by the Group to be satisfactory.

Based on past operational convenience and benefits brought to the Group and extended business relationships established between the Group and Jiahua Energy Chemical Co., such continuing relationships are expected to bring synergies to the parties. Further, as the Group has an existing transmission network for steam in place for transmission of steam from Jiahua Energy Chemical Co., the Group can procure supply of steam from Jiahua Energy Chemical Co. without incurring additional fixed costs. The Short Term Steam Supply Agreement is on normal commercial terms given that the pricing and terms are no more favourable for Jiahua Energy Chemical Co. than those given to other independent purchasers. In view of the geographical proximity and to secure a constant and stable supply of low, medium and high pressure steam for production purposes in the future, the Group entered into the Short Term Steam Supply Agreement.

**(2) Short Term Fatty Alcohol Supply Agreement**

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

**(3) Short Term Storage and Loading Services Agreement**

The entering into of the Short Term Storage and Loading Services Agreement is on a non-exclusive basis and it enables the Group to have more options in terms of docking, port and storage services accesses and there are internal controls in place to ensure that the terms and rates offered by Jiahua Energy Chemical Co. are no less favourable than those offered by other independent docking, port and storage services providers. In view of the foregoing reasons, the Group entered into the Short Term Storage and Loading Services Agreement.

#### **(4) Short Term Ethylene Supply Agreement**

The entering into of the Short Term Ethylene Supply Agreement with Jiahua Energy Chemical Co. opens up an option for the Group to sell ethylene to Jiahua Energy Chemical Co. at the price which is no less favourable than the prevailing market price (based on the aforesaid pricing mechanism and internal controls) when the Group has spare capacity in terms of ethylene output. As mentioned above, the geographical proximity between the production base of the Group and that of Jiahua Energy Chemical Co. and the long and well established business relationships between the Group and Jiahua Energy Chemical Co. bring synergies to the parties. In view of the foregoing reasons, the Group entered into the Short Term Ethylene Supply Agreement with Jiahua Energy Chemical Co.

#### **(5) Short Term Toluene Supply Agreement**

The entering into of the Short Term Toluene Supply Agreement will open up an option for the Group to sell toluene to Jiahua Energy Chemical Co. and enable the Group to extend its business relationships between the Group and Jiahua Energy Chemical Co. and its wholly-owned subsidiary, Jiafu New Material, and further bring synergies to the parties. In addition, as the production base of the Group is situated close to that of Jiahua Energy Chemical Co. and its wholly-owned subsidiary, Jiafu New Material, the delivery costs of goods to be borne by the Group can be reduced. The Short Term Toluene Supply Agreement allows the Group to maximize the usage of its relevant production facilities for toluene production at the time of having spare capacity. In view of the foregoing reasons, the Group entered into the Short Term Toluene Supply Agreement with Jiahua Energy Chemical Co..

#### **(6) Short Term Gas Supply Agreement**

The entering into of the Short Term Gas Supply Agreement will open up an option for the Group to sell oxygen, nitrogen, hydrogen and fuel gas to Jiahua Energy Chemical Co. and enable the Group to extend its business relationships between the Group and Jiahua Energy Chemical Co. and further bring synergies to the parties. In addition, as the production base of the Group is situated close to that of Jiahua Energy Chemical Co., the delivery costs of goods to be borne by the Group can be reduced. The Short Term Gas Supply Agreement allows the Group to maximize the usage of its relevant production facilities for gas and miscellaneous material production at the time of having spare capacity. In view of the foregoing reasons, the Company entered into the Short Term Gas Supply Agreement with Jiahua Energy Chemical Co..

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of each of the (1) Short Term Steam Supply Agreement, (2) Short Term Fatty Alcohol Supply Agreement, (3) Short Term Storage and Loading Services Agreement, (4) Short Term Ethylene Supply Agreement, (5) Short Term Toluene Supply Agreement and (6) Short Term Gas 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 entering into each of the (1) Short Term Steam Supply Agreement, (2) Short Term Fatty Alcohol Supply Agreement, (3) Short Term Storage and Loading Services Agreement, (4) Short Term Ethylene Supply Agreement, (5) Short Term Toluene Supply Agreement and (6) Short Term Gas Supply Agreement is in the interests of the Company and its Shareholders as a whole.

### **INFORMATION OF JIAHUA ENERGY CHEMICAL CO.**

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

### **LISTING RULES IMPLICATIONS**

Jiahua Energy Chemical Co. is owned as to approximately 36.77% by Jiahua, which is ultimately controlled by Mr. Guan and Ms. Han.

As Ms. Han is Mr. Guan's wife and an executive Director and Mr. Guan is a controlling Shareholder of the Company, Jiahua Energy Chemical Co. is therefore an associate of Mr. Guan and Ms. Han and is thus a connected person of the Company and the transactions contemplated under each of the (1) Short Term Steam Supply Agreement, (2) Short Term Fatty Alcohol Supply Agreement, (3) Short Term Storage and Loading Services Agreement, (4) Short Term Ethylene Supply Agreement, (5) Short Term Toluene Supply Agreement and (6) Short Term Gas Supply Agreement constitute continuing connected transaction(s) of the Company under Chapter 14A of the Listing Rules.



As one or more of the applicable ratios in respect of the proposed cap for each of the (1) Short Term Steam Supply Agreement, (2) Short Term Fatty Alcohol Supply Agreement, (3) Short Term Storage and Loading Services Agreement, (4) Short Term Ethylene Supply Agreement, (5) Short Term Toluene Supply Agreement and (6) Short Term Gas Supply Agreement are more than 0.1% but less than 5%, the transactions contemplated under each of the (1) Short Term Steam Supply Agreement, (2) Short Term Fatty Alcohol Supply Agreement, (3) Short Term Storage and Loading Services Agreement, (4) Short Term Ethylene Supply Agreement, (5) Short Term Toluene Supply Agreement and (6) Short Term Gas Supply Agreement are therefore subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

Ms. Han was interested in each of the (1) Short Term Steam Supply Agreement, (2) Short Term Fatty Alcohol Supply Agreement, (3) Short Term Storage and Loading Services Agreement, (4) Short Term Ethylene Supply Agreement, (5) Short Term Toluene Supply Agreement and (6) Short Term Gas Supply Agreement and she therefore abstained from voting on the board resolutions of the Company approving each of the (1) Short Term Steam Supply Agreement, (2) Short Term Fatty Alcohol Supply Agreement, (3) Short Term Storage and Loading Services Agreement, (4) Short Term Ethylene Supply Agreement, (5) Short Term Toluene Supply Agreement and (6) Short Term Gas Supply Agreement and the transactions contemplated thereunder. Save as disclosed, none of the Directors had any material interest in each of the (1) Short Term Steam Supply Agreement, (2) Short Term Fatty Alcohol Supply Agreement, (3) Short Term Storage and Loading Services Agreement, (4) Short Term Ethylene Supply Agreement, (5) Short Term Toluene Supply Agreement and (6) Short Term Gas Supply Agreement and none of them were required to abstain from voting on the board resolutions of the Company in respect thereof.

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	board of Directors of the Company;
“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;
“Group”	the Company and its subsidiaries, from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Jiafu New Material”	浙江嘉福新材料科技有限公司 (Zhejiang Jiafu New Material Technology Co., Ltd.*), a company established in the PRC with limited liability, is a wholly-owned subsidiary of Jiahua Energy Chemical Co, a connected person of the Company;
“Jiahua”	浙江嘉化集團股份有限公司 (Zhejiang Jiahua Group Co., Ltd.*), a joint stock company established in the PRC with limited liability on 15 March 2000 and a company which is ultimately controlled by Mr. Guan and Ms. Han;
“Jiahua Energy Chemical Co.”	浙江嘉化能源化工股份有限公司 (Zhejiang Jiahua Energy Chemical Co. Ltd.*) (formerly known as 浙江嘉化工業園投資發展有限公司 (Zhejiang Jiahua Industrial Park Investment and Development Co., Ltd.*)), a company established in the PRC with limited liability on 20 January 2001 and a non-wholly owned subsidiary of Jiahua and currently listed on the Shanghai Stock Exchange (stock code: 600273);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MPa”	a metric unit of pressure;
“Mr. Guan”	Mr. Guan Jianzhong, a controlling Shareholder of the Company;

“Ms. Han”	Ms. Han Jianhong, an executive Director and the spouse of Mr. Guan;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan;
“RMB”	Renminbi yuan, the lawful currency of the PRC;
“Shareholder(s)”	shareholders of the Company;
“Short Term Ethylene Supply Agreement”	the short term ethylene supply agreement dated 25 December 2023 entered into between the Company and Jiahua Energy Chemical Co. for the supply of ethylene to Jiahua Energy Chemical Co. (including its subsidiaries) for 2 months commencing from 1 January 2024 to 29 February 2024;
“Short Term Fatty Alcohol Supply Agreement”	the short term fatty alcohol supply agreement dated 25 December 2023 entered into between Jiahua Energy Chemical Co. and the Company for the supply of fatty alcohol to the Company (including its subsidiaries) for 2 months commencing from 1 January 2024 to 29 February 2024;
“Short Term Gas Supply Agreement”	the short term gas supply agreement dated 25 December 2023 entered into between the Company and Jiahua Energy Chemical Co. for the supply of oxygen, nitrogen, hydrogen and fuel gas to Jiahua Energy Chemical Co. (including its subsidiaries) for 2 months commencing from 1 January 2024 to 29 February 2024;
“Short Term Steam Supply Agreement”	the short term steam supply agreement dated 25 December 2023 entered into between Jiahua Energy Chemical Co. and the Company for the supply of low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) to the Company (including its subsidiaries) for 2 months commencing from 1 January 2024 to 29 February 2024;
“Short Term Storage and Loading Services Agreement”	the short term storage and loading services agreement dated 25 December 2023 entered into between Jiahua Energy Chemical Co. and the Company for the supply of docking and port storage and loading services to the Company (including its subsidiaries) for 2 months commencing from 1 January 2024 to 29 February 2024;

“Short Term Toluene Supply Agreement” the short term toluene supply agreement dated 25 December 2023 entered into between the Company and Jiahua Energy Chemical Co. for the supply of toluene to Jiahua Energy Chemical Co. (including its subsidiaries) for 2 months commencing from 1 January 2024 to 29 February 2024;

“Stock Exchange” The Stock Exchange of Hong Kong Limited; and

“%” percent

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

The PRC, 26 December 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 individuals or 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.*