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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 — ENERGY MANAGEMENT AGREEMENT WITH HAOXING ENERGY CONSERVATION

CONTINUING CONNECTED TRANSACTIONS

The Board is pleased to announce that on 1 August 2025, after trading hours, Haoxing Energy Conservation entered into the Energy Management Agreement with Sanjiang Chemical (an indirect wholly-owned subsidiary of the Company) pursuant to which, Haoxing Energy Conservation has agreed to modify the drive motors of the circulation pumps and ancillary cooling equipments for the 6th phase EO/EG Production facilities with 1,000,000 MT output on a yearly basis of Sanjiang Chemical and in return, Sanjiang Chemical has agreed to pay Haoxing Energy Conservation, the energy saving costs at annual caps not exceeding RMB12.5 million, RMB25.0 million and RMB25.0 million (on an agreed profit sharing basis), respectively for a term of approximately two and one half year commencing from the date of signing of this agreement to 31 December 2027.

LISTING RULES IMPLICATION

Haoxing Energy Conservation is owned as to approximately 55.5% by Mr. Guan, the controlling shareholder of the Company and the spouse of Ms. Han, and is thus a connected person of the Company and the transactions contemplated under Energy Management Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable ratio in respect of the annual caps of the Energy Management Agreement is less than 5%, the Energy Management Agreement, and the transactions contemplated thereunder are therefore subject to reporting and announcement and annual review requirements but are exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 1 August 2025, after trading hours, Haoxing Energy Conservation entered into the Energy Management Agreement with Sanjiang Chemical (an indirect wholly-owned subsidiary of the Company) pursuant to which, Haoxing Energy Conversation has agreed to modify the drive motors of the circulation pumps and ancillary cooling equipments for the 6th phase EO/EG Production facilities with 1,000,000 MT output on a yearly basis of Sanjiang Chemical by using/installing the technology and equipments developed by Haoxing Energy Conservation to increase the efficiency and output of the drive motors of the circulation pumps and ancillary cooling equipments for the 6th phase EO/EG Production facilities with 1,000,000 MT output on a yearly basis of Sanjiang Chemical for each unit of electricity consumed which enables Sanjiang Chemical to save electricity costs and in return, Sanjiang Chemical has agreed to pay Haoxing Energy Conservation the energy saving costs at annual caps. Pursuant to the Energy Management Agreement, Haoxing Energy Conservation is responsible to install its self-developed equipments for the drive motors of the circulation pumps and ancillary cooling equipments for the 6th phase EO/EG Production facilities with 1,000,000 MT output on a yearly basis for Sanjiang Chemical and Sanjiang Chemical would get energy saving (i.e. After installation of the equipments developed by Haoxing Energy Conservation, Sanjiang Chemical could use the same amount of electricity unit with more output from drive motors of the circulation pumps and ancillary cooling equipments for the 6th phase EO/EG Production facilities with 1,000,000 MT output on a yearly basis and Sanjiang Chemical could calculate the energy saving as if they had not installed the equipments developed by Haoxing Energy Conservation from the installation and operation of the equipments developed by Haoxing Energy Conservation and Sanjiang Chemical would pay Haoxing Energy Conservation the energy saving costs on an agreed profit sharing basis.

The details of the Energy Management Agreement is set out below.

ENERGY MANAGEMENT AGREEMENT

Date

1 August 2025

Parties

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

(2) Haoxing Energy Conservation, a connected person of the Company

Subject Matter and Term

Haoxing Energy Conservation has agreed to modify the drive motors of the circulation pumps and ancillary cooling equipments for the 6th phase EO/EG Production facilities with 1,000,000 MT output on a yearly basis of Sanjiang Chemical by using/installing the technology and equipments developed by Haoxing Energy Conservation and is responsible for the construction, installation, testing and maintenance of those equipments. Haoxing Energy Conservation has also agreed to provide technical support throughout the term. Sanjiang Chemical has agreed to pay Haoxing Energy Conservation the energy saving (i.e. After installation of the equipments developed by Haoxing Energy Conservation, Sanjiang Chemical could use the same amount of electricity unit with more output from drive motors of the circulation pumps and ancillary cooling equipments for the 6th phase EO/EG Production facilities with 1,000,000 MT output on a yearly basis and Sanjiang Chemical could calculate the energy saving as if they had not installed the equipments developed by Haoxing Energy Conservation) from the installation and operation of the equipments developed by Haoxing Energy Conservation on an agreed profit sharing basis for a period commencing from the date of signing of Energy Management Agreement up to 31 December 2027. Sanjiang Chemical is entitled to a profit sharing percentage of 50% of the energy saving costs while Haoxing Energy Conservation is entitled to a profit sharing percentage of 50% of the energy saving costs throughout the term.

The term of the Energy Management Agreement shall be a period commencing from the date of signing of the Energy Management Agreement up to 31 December 2027. The parties may commence negotiations at least three months prior to the expiry of the Energy Management Agreement for renewal. The Company will comply with the relevant Listing Rules requirements if the Energy Management Agreement is renewed.

Pursuant to the Energy Management Agreement, the energy saving costs shall be calculated according to the terms set out in the Energy Management Agreement and the consideration shall not exceed an annual cap. The price for the energy saving costs payable by Sanjiang Chemical shall be agreed by the end of each quarter and would be payable by Sanjiang Chemical before the 15th calendar day following the issuance of the

billings of the quarter. The basis of the consideration was set after arm's length negotiations between Sanjiang Chemical and Haoxing Energy Conservation, taking into account the estimated amounts of the energy saving.

HISTORICAL FIGURES AND ANNUAL PROPOSED CAPS

Set out below are the historical figures and the proposed annual caps for a period commencing from the date of signing of the Energy Management Agreement up to 31 December 2027:

Transactions	Historical amount for the year ended 31 December 2022 *RMB (million)*	Historical amount for the year ended 31 December 2023 *RMB (million)*	Historical amount for the year ended 31 December 2024 *RMB (million)*	Historical amount for the period ended 31 July 2025 *RMB (million)*	Proposed Cap amount for the period ending 31 December 2025 *RMB (million)*	Proposed Cap amount for the year ending 31 December 2026 *RMB (million)*	Proposed Cap amount for the year ending 31 December 2027 *RMB (million)*
Payment of energy saving costs to Haoxing Energy Conservation by Sanjiang Chemical	—	—	—	—	12.5	25.0	25.0

REASONS FOR THE TRANSACTIONS

The Group is principally engaged in the manufacturing and supplying of ethylene oxide, ethylene glycol, polypropylene and surfactants and the provision of processing services. The entering into of the Energy Management Agreements will enable the Group to extend its business relationships between the Group and Haoxing Energy Conservation and further bring synergies to the parties.

There are a number of suppliers available in the market providing similar energy saving solutions and the Group went through tendering processes and took the best available offers in terms of pricing (i.e. the highest profit sharing ratio from the Group's perspective) among all tenders.

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Energy Management Agreements are fair and reasonable and on normal commercial terms and that the entering into of the Energy Management Agreements is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATION

Haoxing Energy Conservation is owned as to approximately 55.5% by Mr. Guan, executive Director and is thus a connected person of the Company and the transaction contemplated under Energy Management Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the aggregate applicable ratio in respect of the annual caps of the Energy Management Agreement are less than 5%, the Energy Management Agreement and the transactions contemplated thereunder are therefore subject to reporting and announcement and annual review requirements but are exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Ms. Guan is an executive Director and the daughter of Mr. Guan and Ms. Han.

Ms. Han and Ms. Guan were interested in the Energy Management Agreements and they therefore abstained from voting on the board resolutions of the Company approving the Energy Management Agreement and the transactions contemplated thereunder. Save as disclosed, none of the Directors had any material interest in the Energy Management Agreement and none of them were required to abstain from voting on the board resolutions of the Company in respect thereof.

DEFINITIONS

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

"associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Board"	board of Directors of the Company;
"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;
"Energy Management Agreement"	the energy management agreement dated 1 August 2025 entered into between Haoxing Energy Conservation and Sanjiang Chemical, a wholly-owned subsidiary of the Company;
"Group"	the Company and its subsidiaries, from time to time;
"Haoxing Energy Conservation"	浙江浩星節能科技有限公司 (Zhejiang Haoxing Energy Conservation Technology Co. Ltd.*) a company established on the PRC with limited liability on 12 August 2011;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Macau"	the Macau Special Administrative Region of the PRC;
"Mr. Guan"	Mr. Guan Jianzhong, a controlling Shareholder of the Company, and the spouse of Ms. Han;
"Ms. 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;
"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;
"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;
"Shareholder(s)"	shareholders of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subsidiary(ies)"	has the meaning ascribed to it in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong); and
"%"	per cent.

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

The PRC, 1 August 2025

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 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.*