THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **CHINA SANJIANG FINE CHEMICALS COMPANY LIMITED**, you should at once forward this circular together with the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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 WITH MEI FU PETROCHEMICAL AND BLUE WHALE BIOENERGY AND NOTICE OF EGM

Independent Financial Adviser

Lego Corporate Finance Limited
力高企業融資有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A notice convening the EGM to be held at 5/F, United Centre, 95 Queensway, Admiralty, Hong Kong on 15 January 2026, 12:00 p.m. is set out on pages 62 to 65 of this circular.

Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and, in such event, the proxy form shall be deemed to be revoked.

18 December 2025

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For the purposes of this circular, the following definitions apply throughout where the context admits unless otherwise stated:

"Announcement"	the announcement of the Company dated 21 November 2025 relating to the Mei Fu Petrochemical CCTs and the Blue Whale Bioenergy CCTs
"Annual Cap(s)"	the annual cap, as the case may be, in respect of, (A) the continuing connected transactions with Mei Fu Petrochemical under the Naphtha Sale and Purchase Agreement; and (B) the continuing connected transactions with Blue Whale Bioenergy under (1) the Steam Purchase Agreement, (2) the Liquefied Petroleum Gas Purchase Agreement, and (3) Fuel Gas Purchase Agreement
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Blue Whale Bioenergy"	藍鯨生物能源(浙江)有限公司 (Blue Whale Bioenergy (Zhejiang) Co., Ltd.*), is a Company established in the PRC with limited liability. For details, please refer to the section headed "Information of Blue Whale Bioenergy" in this circular
"Blue Whale Bioenergy CCTs"	means the continuing connected transactions with Blue Whale Bioenergy contemplated under (1) the Steam Purchase Agreement, (2) the Liquefied Petroleum Gas Purchase Agreement, (3) the Fuel Gas Purchase Agreement, (4) the Gas Supply Agreement, (5) the Demineralised Water and Miscellaneous Materials Supply Agreement and (6) the Steam Supply Agreement
"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
"EGM"	an extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving each of the Non-Exempt CCTs

"Fuel Gas Purchase Agreement"	the sale and purchase agreement dated 21 November 2025 entered into between Sanjiang Chemical and Blue Whale Bioenergy, pursuant to which Sanjiang Chemical has agreed to purchase fuel gas from Blue Whale Bioenergy for approximately three years ending 31 December 2028
"Gas Supply Agreement"	the supply agreement dated 21 November 2025 entered into between Sanjiang Chemical and Blue Whale Bioenergy, pursuant to which Sanjiang Chemical has agreed to supply nitrogen gas to Blue Whale Bioenergy for approximately three years ending 31 December 2028
"Group"	the Company and its subsidiaries, from time to time
"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 Non-Exempt CCTs and the respective proposed annual caps contemplated thereunder
"Independent Financial Adviser" or "Lego"	Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, which has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to each of the Non-Exempt CCTs and the respective proposed annual caps contemplated thereunder
"Independent Shareholders"	Shareholders who are not involved or interested in the Non-Exempt CCTs (i.e. Shareholders other than Mr. Guan and Ms. Han and their respective associates)
"Independent Third Party(ies)"	An individual(s) or a company(ies) who is/are or which is/are not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company or any of its subsidiaries or any of their respective associates and not connected person(s) of the Company

"Jiahua Energy Chemical"	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). As at the Latest Practicable Date, Jiahua Energy Chemical is ultimately controlled by Mr. Guan and Ms. Han and hence Jiahua Energy Chemical is connected person of the Company
"Latest Practicable Date"	17 December 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Liquefied Petroleum Gas Purchase Agreement"	the sale and purchase agreement dated 21 November 2025 entered into between Sanjiang Chemical and Blue Whale Bioenergy, pursuant to which Sanjiang Chemical has agreed to purchase liquified petroleum gas from Blue Whale Bioenergy for approximately three years ending 31 December 2028
"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責任公司 (Zhejiang Mei Fu Petrochemical Co., Ltd*), a company established in the PRC with limited liability. For details, please refer to the section headed "Information of Mei Fu Petrochemical" in this circular
"Mei Fu Petrochemical CCTs"	means the continuing connected transactions with Mei Fu Petrochemical contemplated under (1) the Loading and Unloading Service Agreement; (2) the Storage Tank Lease Agreement; (3) the Utility Services and Rental Agreement; (4) the Naphtha Sales and Purchase Agreement; (5) the Crude Hydrogen and Nitrogen Supply Agreement
"MPa"	a metric unit of pressure
"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 Sales and Purchase Agreement"	the sale and purchase agreement dated 21 November 2025 entered into between the Company and Mei Fu Petrochemical pursuant to which the Company has agreed to purchase naphtha from Mei Fu Petrochemical for approximately three years ending 31 December 2028
"Non-Exempt CCT Agreements" or "Non-Exempt CCTs"	means (i) the Naphtha Sales and Purchase Agreement entered into between the Company and Mei Fu Petrochemical; and (ii) the Steam Purchase Agreement, Liquefied Petroleum Gas Purchase Agreement and Fuel Gas Purchase Agreement entered into between Sanjiang Chemical and Blue Whale Bioenergy, and the transactions contemplated thereunder, all of which will require Independent Shareholders' approval at EGM
"PRC"	the People's Republic of China, and for the purpose of this circular, 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
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	holder(s) of Shares
"Shares"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Steam Purchase Agreement"	the sale and purchase agreement dated 21 November 2025 entered into between Sanjiang Chemical and Blue Whale Bioenergy, pursuant to which Sanjiang Chemical has agreed to purchase steam from Blue Whale Bioenergy for approximately three years ending 31 December 2028
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"USD"	United States of America dollars, the lawful currency of the United States of America
"%"	percent

If there is any inconsistency between the Chinese names of 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.*

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)

Executive Directors:
Ms. Han Jianhong
Mr. Rao Huotao
Ms. Chen Xian
Ms. Guan Siyi

Independent non-executive Directors:
Mr. Shen Kaijun
Ms. Pei Yu
Mr. Kong Liang

Registered Office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal place of business in Hong Kong:
5/F., United Centre
Admiralty
Hong Kong

18 December 2025

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS WITH MEI FU PETROCHEMICAL AND BLUE WHALE BIOENERGY AND NOTICE OF EGM

INTRODUCTION

Reference is made to the Announcement.

As disclosed in the Announcement, on 21 November 2025, among others, (A) the Company and Mei Fu Petrochemical entered into the Naphtha Sales and Purchase Agreement; and (B) Sanjiang Chemical and Blue Whale Bioenergy entered into the Steam Purchase Agreement, the Liquefied Petroleum Gas Purchase Agreement and the Fuel Gas Purchase Agreement, all of which is subject to approval by the Independent Shareholders at the EGM.

The purpose of this circular is to provide you with (i) further information relating to the Naphtha Sales and Purchase Agreement entered into between the Company and Mei Fu Petrochemical; and (ii) further information relating to the Steam Purchase Agreement, the Liquefied Petroleum Gas Purchase Agreement and the Fuel Gas Purchase Agreement entered into between Sanjiang Chemical and Blue Whale Bioenergy; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the aforementioned Non-Exempt CCTs; (iv) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the above Non-Exempt CCTs; (v) the notice of the EGM; and (vi) other information required under the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

On 21 November 2025 (after trading hours), (1) the Company entered into the Mei Fu Petrochemical CCTs with Mei Fu Petrochemical each for a term of no more than three years ending 31 December 2028 and (2) Sanjiang Chemical entered into the Blue Whale CCTs with Blue Whale Bioenergy each for a term of approximately three years ending 31 December 2028.

The principal terms and the relevant details of each of the Non-Exempt CCTs are set out below.

(A) CONTINUING CONNECTED TRANSACTIONS WITH MEI FU PETROCHEMICAL

Set out below are the principal terms of the Naphtha Sales and Purchase Agreement.

Date

21 November 2025 (after trading hours)

Parties

(1) The Company (for itself and its subsidiaries, as the purchaser); and

(2) Mei Fu Petrochemical (as the supplier).

Subject matter

Pursuant to the Naphtha Sales and Purchase Agreement, the Company has agreed to purchase naphtha from Mei Fu Petrochemical for approximately three years ending 31 December 2028.

Term

The Naphtha Sales and Purchase Agreement shall become effective upon obtaining independent shareholders' approval at the EGM and ending on 31 December 2028.

Consideration

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

(average monthly price as disclosed by China Petroleum & Chemical Corporation ("**Sinopec**") – β)* (1 + PRC Consumption tax rate 13%)

β 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 β 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 of sulphur. Daily samples of naphtha will be provided by Mei Fu Petrochemical. The Company will test the amount of sulphur in its own laboratory to verify whether the amount of sulphur stated in the daily notification of Mei Fu Petrochemical is correct. If there is any discrepancy, the daily samples will be sent to an independent third party laboratory for testing and verification.

The actual amount of naphtha shall be based on the actual metre reading of Mei Fu Petrochemical and to be verified by the Company 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. The Company is given to understand that the meter used by Mei Fu Petrochemical is of industrial standard and is subject to regular inspection and testing. Based on the previous records, the discrepancy between the actual metre reading of Mei Fu Petrochemical and the Company remained to be less than 3%. In the event that there is a discrepancy more than 3% between the metre reading of Mei Fu Petrochemical and that of the Company, the consideration shall be calculated with reference to the lower amount. Mei Fu Petrochemical shall be responsible for the maintenance of the pipeline up to one metre outside the premises of the Company and the Company shall be responsible for the maintenance of the pipeline connecting therefrom to its own facilities. The Company and Mei Fu Petrochemical shall agree on the amount of naphtha sold and purchased at the end of each calendar month and the Company shall pay the consideration to Mei Fu Petrochemical on or before the 15th day of the next calendar month. In the event there is any disagreement on the amount of naphtha sold and purchased at the end of each calendar month, the purchased amount as recorded by the Company will be used as the final amount for the calculation of the consideration payable under this Naphtha Sales and Purchase Agreement.

Determination of the pricing policy

As the purchase price of naphtha is primarily based on the average monthly price as disclosed by Sinopec, as quoted on 卓創資訊 (http://prices.sci99.com), an independent third party platform for commodity market price information which is regulated by National Development and Reform Commission of the PRC, with the price adjustment mechanism (i.e. β) which takes reference to the same price adjustment mechanism adapted between the Company 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. As Sinopec is the largest supplier of naphtha in the Huadong Area of the PRC, which is in the proximity where both Mei Fu Petrochemical and the Company are situated, the Directors are of the view that choosing the average monthly price of naphtha as disclosed by Sinopec as benchmark is the most appropriate and is generally accepted across the industry.

In additional to the reference price as disclosed by Sinopec, the Group will seek to employ the following measures to ensure that the price of naphtha offered by Mei Fu Petrochemical pursuant to the Naphtha Sales and Purchase Agreement will be no less favourable than the price of purchasing naphtha of comparable quality from other independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers):

(1) the finance department of the Group will obtain (i) all monthly invoices issued by independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) to the Group as to purchasing naphtha of comparable quality; and (ii) all supply contracts regarding naphtha of comparable quality entered into between the Group and independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) on a regular basis, to ascertain the completeness of the calculation as to the weighted average purchase prices (per tonne) of naphtha since the purchase prices of naphtha payable to Mei Fu Petrochemical are agreed to be the weighted average prices (per tonne) of naphtha of comparable quality offered by independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers

will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) to the Group during the same month of supply; and

(2) in the event that the prices of naphtha that Mei Fu Petrochemical charges the Company are higher than the weighted average purchase prices (per tonne) of naphtha of comparable quality offered by independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) to the Group, the Company will negotiate with Mei Fu Petrochemical to adjust the proposed purchase prices of naphtha to prices that are equal to or lower than the weighted average purchase prices (per tonne) that independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) offer to the Group which is the only case where the finance department of the Group will approve the invoices.

In the event where no independent third party suppliers are available, Mei Fu Petrochemical agrees to provide and procure other connected suppliers, if applicable, from time to time provide the relevant pricing information offered to other independent third party customers for the Company to calculate the aforementioned weighted average purchase price (per tonne) of naphtha.

The Directors consider that the methods and actual procedures adopted by the Group in determining the pricing of naphtha as described above can ensure that the transactions contemplated under the Naphtha Sales and Purchase 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 (i) the reference price as disclosed by Sinopec; and (ii) the prices offered by independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) offer to the Company and thus serve as a safeguarding measure to prevent any possibility that the final pricing offered by the connected person will turn out to be less favourable to the Group than the market price.

Historical transaction figures and proposed Annual Caps

Sanjiang Chemical had the following historical transaction amounts with Mei Fu Petrochemical in respect of the Naphtha Sales and Purchase Agreement:

	For the year ended 31 December 2023	**For the year ended 31 December 2024**	**For the ten months ended 31 October 2025**
	RMB'000	*RMB'000*	*RMB'000*
Actual transaction amount	1,360,782	2,765,009	1,931,629
Historical annual caps	3,266,700	5,600,000	5,600,000**

** *Historical annual cap is up to the full year ending 31 December 2025.*

Basis of the Annual Cap

It is expected that the Annual Cap for each of the three years ending 31 December 2028 will be as follows:

	For the year ending 31 December 2026	**For the year ending 31 December 2027**	**For the year ending 31 December 2028**
	RMB'000	*RMB'000*	*RMB'000*
Annual Cap	2,600,000	2,600,000	2,600,000

The proposed Annual Cap for the Naphtha Sales and Purchase Agreement is based on the following factors:

(a) the historical amount relating to the purchase of naphtha from Mei Fu Petrochemical for the two years ended 31 December 2024 and ten months ended 31 October 2025;

(b) the expected amount of naphtha to be required by the Group's production facilities for the approximately three years ending 31 December 2028. Based on the current production plan and the projection for the three years ending 31 December 2028, the Company expects that it will require approximately 360,000 tonne from Mei Fu Petrochemical (out of the total annual demand of 1,000,000 tonnes) of naphtha each year; and

(c) the expected market price of naphtha during the approximately three years ending 31 December 2028 with reference to the relevant price adjustment mechanism, if any. Based on the information currently available, the Company sets the unit price of RMB7,100 per tonne for the purchase of naphtha for the three years ending 31 December 2028. When determining the unit price for naphtha for the proposed Annual Cap, the Company refers to the historical average price per tonne for naphtha for the year ended 31 October 2025 plus an approximately 5% buffer amount.

The Company derives the aforementioned Annual Caps with reference to an estimated fixed unit price determined based on the information currently available and the actual unit price may fluctuate depending on the market conditions in the forthcoming years. In such case, in the event that the actual transaction amount incurred under this Naphtha Sales and Purchase Agreement may exceed the proposed Annual Cap, the Company will seek to recomply with the applicable requirements under Chapter 14A of the Listing Rules.

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.

(B) CONTINUING CONNECTED TRANSACTIONS WITH BLUE WHALE BIOENERGY

Set out below are the principal terms of each of (1) the Steam Purchase Agreement, (2) the Liquefied Petroleum Gas Purchase Agreement, (3) the Fuel Gas Purchase Agreement.

(1) Steam Purchase Agreement

Date

21 November 2025 (after trading hours)

Parties

(1) Blue Whale Bioenergy (as the seller); and

(2) Sanjiang Chemical (as the purchaser).

Subject matter

Pursuant to the Steam Purchase Agreement, Blue Whale Bioenergy has agreed to supply low pressure steam (1.3 MPa) to Sanjiang Chemical for three years ending 31 December 2028.

Term

The Steam Purchase Agreement shall become effective upon obtaining independent shareholders' approval at the EGM and ending on 31 December 2028.

Consideration

Pursuant to the Steam Purchase Agreement, the purchase price for low pressure steam (1.3 MPa) shall be at a price which is the weighted average price (per tonne) of those obtained by Sanjiang Chemical from its independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) for the relevant product of comparable quality and steam pressure during the same month of supply. The purchase price payable by Sanjiang Chemical in respect of purchases under the Steam Purchase Agreement shall be tallied on the 25th day each calendar month.

Determination of the pricing policy

The Group will seek to employ the following measures to ensure that the price of low pressure steam (1.3 MPa) offered by Blue Whale Bioenergy to Sanjiang Chemical pursuant to the Steam Purchase Agreement will be no less favourable than the price of purchasing low pressure steam (1.3 MPa) of comparable quality from other independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers):

(1) the finance department of the Group will obtain (i) all monthly invoices issued by independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) to the Group as to purchasing low pressure steam (1.3 MPa) of comparable quality; and (ii) all supply contracts regarding low pressure steam (1.3 MPa) of comparable quality entered into between the Group and independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) on

a regular basis, to ascertain the completeness of the calculation as to the weighted average purchase prices (per tonne) of low pressure steam (1.3 MPa) since the purchase prices of low pressure steam (1.3 MPa) payable to Blue Whale Bioenergy are agreed to be the weighted average prices (per tonne) of such steam of comparable quality offered by independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) to the Group during the same month of supply; and

(2) in the event that the prices of low pressure steam (1.3 MPa) that Blue Whale Bioenergy charges Sanjiang Chemical are higher than the weighted average purchase prices (per tonne) of such low pressure steam (1.3 MPa) of comparable quality offered by independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) to the Group, Sanjiang Chemical will negotiate with Blue Whale Bioenergy to adjust the proposed purchase prices of low pressure steam (1.3 MPa) to prices that are equal to or lower than the weighted average purchase prices (per tonne) that independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) offer to the Group which is the only case where the finance department of the Group will approve the invoices.

In the event where no independent third party suppliers are available, Blue Whale Bioenergy agrees to provide and procure other connected suppliers, if applicable, from time to time provide the relevant pricing information offered to other independent third party customers for the Company to calculate the aforementioned weighted average purchase price (per tonne) of low pressure steam (1.3 MPa).

The Directors consider that the methods and actual procedures adopted by the Group in determining the pricing of low pressure steam (1.3 MPa) as described above can ensure that the transactions contemplated under the Steam Purchase 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 offered by independent suppliers (in the case where no independent third party suppliers are available, connected

suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) offer to Sanjiang Chemical and thus serve as a safeguarding measure to prevent any possibility that the final pricing offered by the connected person will turn out to be less favourable to the Group than the market price.

Historical transaction figures and proposed Annual Caps

There were no historical transactions between Sanjiang Chemical and Blue Whale Bioenergy in respect of the purchase of low pressure steam (1.3 MPa). The Company has been sourcing low pressure steam (0.65 MPa and 1.3 MPa) from Jiahua Energy Chemical. Considering the costs of sourcing the low pressure steam (1.3 MPa) from Blue Whale Bioenergy would be lower and the 1.3 MPa steam performs better in term of production efficiency when comparing to 0.65 MPa steam, the Company intends to gradually replace the purchase of 0.65 MPa steam from Jiahua Energy Chemical by the purchase of 1.3 MPa steam from Blue Whale Bioenergy.

Set out below is proposed Annual Cap for each of the three years ending 31 December 2028 in respect of the transactions contemplated under the Steam Purchase Agreement:

	For the year ending 31 December 2026	**For the year ending 31 December 2027**	**For the year ending 31 December 2028**
	RMB'000	*RMB'000*	*RMB'000*
Annual Cap	69,000	69,000	69,000

Basis of the Annual Cap

The proposed Annual Cap for the Steam Purchase Agreement are based on:

(1) the expected amount of purchases of low pressure steam (1.3 MPa) to be made by Sanjiang Chemical from Blue Whale Bioenergy for the three years ending 31 December 2028. Based on the current production plan and the projection for the three years ending 31 December 2028, the Company expects that it will require approximately 360,000 tonne of low pressure steam (1.3 MPa) each year; and

(2) the expected unit price of low pressure steam (1.3 MPa) for the three years ending 31 December 2028, taking into account the average unit prices of low pressure steam (1.3 MPa) transacted between Sanjiang Chemicals and its other suppliers during the 12 months immediately preceding the date of the Announcement, being the actual figures

available to Sanjiang Chemical at the time when the Company made the relevant cap estimation. Based on the information currently available, the Company sets the unit price of RMB180 per tonne for the purchase of low pressure steam (1.3 MPa) for the three years ending 31 December 2028. When determining the unit price for low pressure steam for the proposed Annual Cap, the Company refers to the historical average price per tonne of low pressure steam for the year ended 31 October 2025, plus an approximately 6% buffer amount (being approximately RMB190 per tonne) on top of the historical average price.

The Company derives the aforementioned Annual Caps with reference to an estimated fixed unit price determined based on the information currently available and the actual unit price may fluctuate depending on the market conditions in the forthcoming years. In such case, in the event that the actual transaction amount incurred under this Steam Purchase Agreement may exceed the proposed Annual Cap, the Company will seek to recomply with the applicable requirements under Chapter 14A of the Listing Rules.

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) Steam Purchase Agreement; (ii) agreements entered into with independent third parties (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers); and (iii) fee quotations provided by independent third parties (in the case where no independent third party suppliers are available, connected suppliers will be used as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) for the supply of low pressure steam (1.3 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 Steam Purchase Agreement are conducted on normal commercial terms. The auditor of the Company will review and confirm the transactions contemplated under the Steam Purchase Agreement are conducted in accordance with the terms of the Steam Purchase Agreement.

(2) Liquefied Petroleum Gas Purchase Agreement

Date

21 November 2025 (after trading hours)

Parties

(1) Blue Whale Bioenergy (as the seller); and

(2) Sanjiang Chemical (as the purchaser).

Subject matter

Pursuant to the Liquefied Petroleum Gas Purchase Agreement, Blue Whale Bioenergy has agreed to supply liquefied petroleum gas to Sanjiang Chemical for three years ending 31 December 2028.

Term

The Liquefied Petroleum Gas Purchase Agreement shall become effective upon obtaining independent shareholders' approval at the EGM and ending on 31 December 2028.

Consideration

Pursuant to the Liquefied Petroleum Gas Purchase Agreement, the purchase price of liquefied petroleum gas shall be the Propane/Butane Mixture VAT-inclusive Price as quoted as "CP Price" by 卓創資訊 (http://prices.sci99.com) (a well-known independent commodity information provider in the PRC, which is, as at the date of the Announcement, displaying more than 10,000 market price data items updated on a daily basis with 94,000 information sources worldwide, with over 1,000 employees including 490 analysts, researchers and consultants serving 3 million registered users covering industry participants, financial institutions, commodity exchanges, government agencies, media and scientific research institutions among which at least 150 clients being corporations of the Fortune Global 500 and their subsidiaries), adjusted with elements of: 1) a bulk purchase discount — being additional deduction of USD10 per tonne based on the commercial negotiation with Blue Whale Bioenergy; and 2) the applicable VAT imposed by PRC government (i.e. the current VAT rate for Propane/Butane Mixture is 9%), where "CP Price" is defined as the lower end of monthly range of Propane/Butane Mixture price provided by Saudi Arabian Oil Company as the Company considers the Propane/Butane Mixture pricing provided by Saudi Arabian Oil Company represents a reliable reference of prevailing market prices as Saudi Arabian Oil Company accounts for approximately one quarter of the total global supply of Propane/Butane Mixture as of the date of the Announcement, based on all information available to the Directors. As the sale of the liquefied petroleum gas takes place within the PRC, the parties are required to pay the VAT tax to the PRC Government at the moment of sale. Sanjiang Chemical and Blue Whale Bioenergy shall agree on the amount of liquefied petroleum gas purchased at the end of each calendar month and Sanjiang Chemical shall pay the consideration to Blue Whale Bioenergy on or before the 15th day of the subsequent calendar month.

Determination of the pricing policy

The purchase price of liquefied petroleum gas is based on the Propane/Butane Mixture VAT-inclusive Price as quoted as "CP Price" by 卓創資訊 (http://prices.sci99.com), adjusted with elements of: 1) a bulk purchase discount — being additional deduction of USD10 per ton; and 2) the applicable VAT imposed by PRC government (i.e. the current VAT rate for Propane/Butane Mixture is 9%), where "CP Price" is defined as the lower end of monthly range of Propane/Butane Mixture price provided by Saudi Arabian Oil Company based on all information available to the Directors.

In addition to the CP Price, the Group will seek to employ the following measures to ensure that the price of liquefied petroleum gas offered by Blue Whale Bioenergy to Sanjiang Chemical pursuant to the Liquefied Petroleum Gas Purchase Agreement will be no less favourable than the price of purchasing liquefied petroleum gas of comparable quality from other independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers):

(1) the finance department of the Group will obtain (i) all monthly invoices issued by independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) to the Group as to purchasing liquefied petroleum gas of comparable quality; and (ii) all supply contracts regarding liquefied petroleum gas of comparable quality entered into between the Group and independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) on a regular basis, to ascertain the completeness of the calculation as to the weighted average purchase prices (per tonne) of liquefied petroleum gas since the purchase prices of liquefied petroleum gas payable to Blue Whale Bioenergy are agreed to be the weighted average prices (per tonne) of such steam of comparable quality offered by independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism

designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) to the Group during the same month of supply; and

(2) in the event that the prices of liquefied petroleum gas that Blue Whale Bioenergy charges Sanjiang Chemical are higher than the weighted average purchase prices (per tonne) of such liquefied petroleum gas of comparable quality offered by independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) to the Group, Sanjiang Chemical will negotiate with Blue Whale Bioenergy to adjust the proposed purchase prices of liquefied petroleum gas to prices that are equal to or lower than the weighted average purchase prices (per tonne) that independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) offer to the Group which is the only case where the finance department of the Group will approve the invoices.

In the event where no independent third party suppliers are available, Blue Whale Bioenergy agrees to provide and procure other connected suppliers, if applicable, from time to time provide the relevant pricing information offered to other independent third party customers for the Company to calculate the aforementioned weighted average purchase price (per tonne) of liquefied petroleum gas.

The Directors consider that the methods and actual procedures adopted by the Group in determining the pricing of liquefied petroleum gas as described above can ensure that the transactions contemplated under the Liquefied Petroleum Gas Purchase 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 (i) the CP Price and (ii) the prices offered by independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) offer to Sanjiang Chemical and thus serve as a safeguarding measure to prevent any possibility that the final pricing offered by the connected person will turn out to be less favourable to the Group than the market price.

Historical transaction figures and proposed Annual Caps

There were no historical transactions between Sanjiang Chemical and Blue Whale Bioenergy in respect of the purchase of liquefied petroleum gas. The Company has been previously sourcing ethane from suppliers in the United States for its production. The Company intends to source liquefied petroleum gas and fuel gas as an alternative to replace certain part of the use of ethane in its production process.

Set out below is the proposed Annual Cap for each of the three years ending 31 December 2028 in respect of the transactions contemplated under the Liquefied Petroleum Gas Purchase Agreement:

	For the year ending 31 December 2026	**For the year ending 31 December 2027**	**For the year ending 31 December 2028**
	RMB'000	*RMB'000*	*RMB'000*
Annual Cap	100,000	100,000	100,000

Basis of the Annual Cap

The proposed cap for the Liquefied Petroleum Gas Purchase Agreement are based on:

(1) the expected amount of purchases to be made by Sanjiang Chemical from Blue Whale Bioenergy for three years ending 31 December 2028. Based on the current production plan and the projection for the three years ending 31 December 2028, the Company expects that it will require approximately 25,000 tonne of liquefied petroleum gas each year; and

(2) the expected market price of liquefied petroleum gas for three years ending 31 December 2028. Based on the information currently available, the Company sets the unit price of RMB4,023 per tonne for the purchase of liquefied petroleum gas for the three years ending 31 December 2028. When determining the unit price for liquefied petroleum gas for the proposed Annual Cap, the Company cross-reference to average historical price per tonne of propane or butane, whichever is lower, for the year ended 31 October 2025, as quoted on 卓創資訊 (http://prices.sci99.com), minus the proposed bulk purchase discount of USD10 per tonne.

The Company derives the aforementioned Annual Caps with reference to an estimated fixed unit price determined based on the information currently available and the actual unit price may fluctuate depending on the market conditions in the forthcoming years. In such case, in the event that the actual transaction amount

incurred under this Liquefied Petroleum Gas Purchase Agreement may exceed the proposed Annual Cap, the Company will seek to recomply with the applicable requirements under Chapter 14A of the Listing Rules.

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) Fuel Gas Purchase Agreement

Date

21 November 2025 (after trading hours)

Parties

(1) Blue Whale Bioenergy (as the seller); and

(2) Sanjiang Chemical (as the purchaser).

Subject matter

Pursuant to the Fuel Gas Purchase Agreement, Blue Whale Bioenergy has agreed to supply fuel gas to Sanjiang Chemical for three years ending 31 December 2028.

Term

The Fuel Gas Purchase Agreement shall become effective upon obtaining independent shareholders' approval at the EGM and ending on 31 December 2028.

Consideration

Pursuant to the Fuel Gas Purchase Agreement, the purchase price for fuel gas shall be at a price which is the weighted average price (per nm^3) of those obtained by Sanjiang Chemical from its independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) for the relevant product of comparable quality during the same month of supply. The purchase price payable by Sanjiang Chemical in respect of purchases under the Fuel Gas Purchase Agreement shall be tallied on the 25th day each calendar month.

Determination of the pricing policy

The Group will seek to employ the following measures to ensure that the price of fuel gas offered by Blue Whale Bioenergy to Sanjiang Chemical will be no less favourable than the price of purchasing fuel gas of comparable quality from other independent third party suppliers:

(1) the finance department of the Group will obtain (i) all monthly invoices issued by independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) to the Group as to purchasing fuel gas of comparable quality; and (ii) all supply contracts regarding fuel gas of comparable quality entered into between the Group and independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) on a regular basis, to ascertain the completeness of the calculation as to the weighted average purchase prices of fuel gas since the purchase prices of fuel gas payable by Sanjiang Chemical are agreed to be the weighted average prices of fuel gas of comparable quality offered by independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) to the Group during the same month of supply; and

(2) in the event that the prices of fuel gas that Blue Whale Bioenergy charges Sanjiang Chemical are higher than the weighted average purchase prices (per nm^3) of fuel gas of comparable quality offered by independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) to the Group, Sanjiang Chemical will negotiate with Blue Whale Bioenergy to adjust the proposed purchase prices of fuel gas to prices that are equal to or lower than the weighted average purchase prices (per nm^3) that independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with

such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) offer to the Group, which is the only case where the finance department of the Group will approve the invoices from Blue Whale Bioenergy.

In the event where no independent third party suppliers are available, Blue Whale Bioenergy agrees to provide and procure other connected suppliers, if applicable, from time to time provide the relevant pricing information offered to other independent third party customers for the Company to calculate the aforementioned weighted average purchase price (per nm^3) of fuel gas.

The Directors consider that the methods and actual procedures adopted by the Group in determining the pricing of fuel gas as described above can ensure that the transactions contemplated under the Fuel Gas Purchase Agreement will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole, taking into account that the above procedures will make reference to prices independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) offer to Sanjiang Chemical and thus serve as a safeguarding measure to prevent any possibility that the final pricing offered by the connected person will turn out to be less favourable to the Group than the market price.

Historical transaction figures and proposed Annual Caps

There were no historical transactions between Sanjiang Chemical and Blue Whale Bioenergy in respect of the purchase of fuel gas. The Company has been previously sourcing ethane from suppliers in the United States for its production. The Company intends to source liquefied petroleum gas and fuel gas as an alternative to replace certain part of the use of ethane in its production process.

Set out below is the proposed Annual Cap for each of the three years ending 31 December 2028 in respect of the transactions contemplated under the Fuel Gas Purchase Agreement:

	For the year ending 31 December 2026 *RMB'000*	For the year ending 31 December 2027 *RMB'000*	For the year ending 31 December 2028 *RMB'000*
Annual Cap	72,000	72,000	72,000

Basis of the Annual Cap

The proposed Annual Caps for the Fuel Gas Purchase Agreement are based on:

(1) the expected amount of purchases to be made by Sanjiang Chemical for three years ending 31 December 2028. Based on the current production plan and the projection for the three years ending 31 December 2028, the Company expects that it will require approximately 24,000,000 nm^3 of fuel gas each year;

(2) the expected market price of fuel gas for three years ending 31 December 2028. Based on the information currently available, the Company sets the unit price of RMB3.00 per nm^3 for the purchase of fuel gas for the three years ending 31 December 2028. When determining the unit price for fuel gas for the proposed Annual Cap, the Company cross-reference to the average historical price of fuel gas for non-residential use in Jiangxi City and as announced by 嘉興市發展改革委員會 (Development and Reform Commission of Jiaxing City*) for the year ended 31 October 2025.

The Company derives the aforementioned Annual Caps with reference to an estimated fixed unit price determined based on the information currently available and the actual unit price may fluctuate depending on the market conditions in the forthcoming years. In such case, in the event that the actual transaction amount incurred under this Fuel Gas Purchase Agreement may exceed the proposed Annual Cap, the Company will seek to recomply with the applicable requirements under Chapter 14A of the Listing Rules.

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.

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.

(A) Continuing Connected Transactions with Mei Fu Petrochemical

Reference is made to the circular of the Company dated 28 April 2023. On 4 April 2023, Sanjiang Chemical entered into a naphtha sale and purchase agreement for the period from 15 May 2023 and ending on 31 December 2025, pursuant to which Sanjiang Chemical agreed to purchase naphtha from Mei Fu Petrochemical. Having considered the existing production capacity, the Company considers it necessary to renew its existing purchase of naphtha from Mei Fu Petrochemical and entered into the Naphtha Sale and Purchase Agreement for three years ending 31 December 2028.

After the commercial operation of the Group's 6th phase ethylene oxide ("**EO**")/ethylene glycol ("**EG**") production facilities with 1,000,000MT output on a yearly basis and its ancillary upstream Naphtha/Ethane/Propane-to-Ethylene/Propylene production facility, which increased overall production output of the Group by approximately 80% on a yearly basis, the Group continues to require the logistics support in term of loading, unloading and tank storage assistance to streamline its production processes.

In respect of the Naphtha Sale and Purchase Agreement, the Group's production facilities being the 6th phase EO/EG production facilities and its ancillary upstream level production facilities require naphtha as one of the feedstocks 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 situated near to the premises of the Group, the transporting costs of naphtha can be further reduced.

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Naphtha Sales and Purchase Agreement, together with the corresponding Annual Caps, are fair and reasonable and are on normal commercial terms, in the ordinary and usual course of business of the Group and is in the interests of the Company and its Shareholders as a whole.

(B) Continuing Connected Transactions with Blue Whale Bioenergy

In respect of the purchase of relevant gases by Sanjiang Chemical from Blue Whale Bioenergy under (1) the Steam Purchase Agreement, (2) the Liquefied Petroleum Gas Purchase Agreement and (3) the Fuel Gas Purchase Agreement, it will be on a non-exclusive basis, which will further diversify the supplier base of the Company for it to better manage the potential fluctuation in prices of the relevant products, and will provide a stead supply of steam, liquefied petroleum gas and fuel gas. Given that given that Blue Whale Bioenergy is situate near to the premises of the Group, the transporting costs can be further reduced.

In particular, in respect of the Steam Purchase Agreement, the Company intends to gradually replace the purchase of 0.65 MPa steam from Jiahua Energy Chemical by the purchase of 1.3 MPa steam from Blue Whale Bioenergy. As disclosed in the circular of the Company dated 22 January 2024, the Company has been sourcing steam of low pressure, medium pressure and high pressure from Jiahua Energy Chemical. As the low pressure steam (1.3 MPa) is a by-product of the production process of Blue Whale Bioenergy, the unit price would be comparatively lower than the unit price of low pressure steam (0.65 MPa) supplied by Jiahua Energy Chemical and the overall efficiency of our machinery would also be improved when using 1.3 MPa low pressure steam in the production process.

In respect of the Liquefied Petroleum Gas Purchase Agreement and the Fuel Gas Purchase Agreement, the Company intends to source liquefied petroleum gas and fuel gas as an alternative to replace certain part of the use of ethane in its production process. The Company previously has been sourcing ethane from suppliers in the United States. The liquefied petroleum gas and the fuel gas could be transported directly through the pipes connected to the production plant of the Company from Blue Whale Bioenergy. In such case, the Company saves approximately RMB150 per ton under this arrangement, when comparing to purchase of ethane from the United States, on port docking fee, storage, and transportation costs. Blue Whale Bioenergy is located in the vicinity of the Company's production facilities and this would further shorten the time required and improve the efficiency of the supplies.

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of each of (1) the Steam Purchase Agreement, (2) the Liquefied Petroleum Gas Purchase Agreement, and (3) the Fuel Gas Purchase Agreement, together with the corresponding Annual Caps, 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) the Steam Purchase Agreement, (2) the Liquefied Petroleum Gas Purchase Agreement, and (3) the Fuel Gas Purchase Agreement, together with the corresponding Annual Caps, is in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE COMPANY AND THE GROUP

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.

INFORMATION OF MEI FU PETROCHEMICAL

Mei Fu Petrochemical is a limited company established in the PRC and is principally engaged in the production and sale of propylene chemical light fuel, clean light fuel, liquefied petroleum gas, heavy fuel, oil and dry gas, propane, MTBE, sulfur, asphalt and lubricants.

Mei Fu Petrochemical is owned as to approximately 80% by Mr. Guan indirectly through a number of investment-holding companies controlled by Mr. Guan and his family. 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 the Naphtha Sales and Purchase Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

INFORMATION OF BLUE WHALE BIOENERGY

Blue Whale Bioenergy is a limited company established in the PRC on 1 November 2023 and is principally engaged in the business of biomass fuel processing, renewable resources processing and sales, non-metal waste and scrap treatment, production and R&D of biomass liquid fuel, manufacturing and sales of bio-based materials, R&D of bio-based and biochemical technologies, petroleum product sales and manufacturing (excluding hazardous chemicals), manufacturing and sales of specialty chemical products (excluding hazardous chemicals), general cargo warehousing services (excluding hazardous chemicals and other regulated items), renewable resource recycling (excluding productive scrap metals), as well as import and export of goods and technologies.

As at the Latest Practicable Date, it is owned as to 44% by 物產中大化工集團有限公司 (Wuchan Zhongda Chemical Group Co., Ltd.*), 41% by 浙江忠鑫企業管理有限公司 (Zhejiang Zhongxin Enterprise Management Co., Ltd.*), 10% by 南京康鑫成生物科技有限公司 (Nanjing Kangxin Cheng Biotechnology Co., Ltd.*), and 5% by 寧波梅山保稅港區宏旗企業管理合夥企業(有限合夥) (Ningbo Meishan Bonded Port Area Hongqi Enterprise Management Partnership (Limited Partnership)*).

物產中大化工集團有限公司 (Wuchan Zhongda Chemical Group Co., Ltd.*), is a company established in the PRC with limited liability, and a company which is owned as to 80% by 物產中大集團股份有限公司 (Wuchan Zhongda Group Co., Ltd.*) (6000704.SH) and 20% by 寧波梅山保税港區宏新創投資合夥企業(有限合夥) (Ningbo Meishan Bonded Port Area Hongxinchuang Investment Partnership (Limited Partnership)*).

物產中大集團股份有限公司 (Wuchan Zhongda Group Co., Ltd.*), is a company established in the PRC with limited liability, and a company which is listed on the Shanghai Stock Exchange with stock code: 6000704.SH and is owned as to approximately 25.5168% by 浙江省國有資本運營有限公司 (Zhejiang State-owned Capital Operation Co., Ltd.*), approximately 17.2461% by 浙江省交通投資集回有限公司 (Zhejiang Provincial Transportation Investment Group Co., Ltd.*), approximately 2.8138% by 浙江省財務開發公司 (Zhejiang Provincial Transportation Investment Group Co., Ltd.*) and approximately 2.5169% by 香港中央結算有限公司 (Hong Kong Securities Clearing Company Limited).

寧波梅山保税港區宏新創投資合夥企業(有限合夥) (Ningbo Meishan Bonded Port Area Hongxinchuang Investment Partnership (Limited Partnership)*), is a partnership established in the PRC with limited liability, and an entity which is owned as to approximately 17.904% by 寧波梅山保税港區宏新美投資合夥企業(有限合夥) (Ningbo Meishan Bonded Port Area Hongxinmei Investment Partnership (Limited Partnership)*), approximately 15.1758% by 張飚 (Zhang Biao), approximately 10.8334% by 寧波梅山保税港區宏新善投資合夥企業(有限合夥) (Ningbo Meishan Bonded Port Area Hongxinshan Investment Partnership (Limited Partnership)*), approximately 8.4706% by 陳海濱 (Chen Haibin), approximately 6.2989% by 寧波梅山保税港區宏新業投資合夥企業(有限合夥) (Ningbo Meishan Bonded Port Area Hongxinye Investment Partnership (Limited Partnership)*), approximately 5.1964% by 唐宇清 (Tang Yuqing), approximately 5.1964% by 時貞侖 (Shi Zhenlun) and approximately 5.1964% by 郭健 (Guo Jian).

寧波梅山保税港區宏新美投資合夥企業(有限合夥) (Ningbo Meishan Bonded Port Area Hongxinmei Investment Partnership (Limited Partnership)*), is a partnership established in the PRC with limited liability, and an entity which is owned as to 8.4588% by 陳寅帥 (Chen Yinshuai), 7.6774% by 王婷 (Wang Ting), 7.6774% by 閻滔滔 (Yan Taotao), 4.8451% by 呂旭玲 (Lü Xuling), 4.8451% by 金怡 (Jin Yi), 4.8451% by 方俊 (Fang Jun), 4.8169% by 單奇顏 (Shan Qiyan), 4.5890% by 熊飛 (Xiong Fei), 4.3796% by 葉進 (Ye Jin), 3.8387% by 夏新國 (Xia Xinguo), 3.7208% by 郭波 (Guo Bo), 3.5191% by 張剛晟 (Zhang Gangsheng), 3.4548% by 洪盼 (Hong Pan), 3.2269% by 王辛 (Wang Xin), 3.1398% by 王艷斌 (Wang Yanbin), 2.7399% by 姚順佳 (Yao Shunjia), 2.3032% by 金黎(Jin Li), 2.0781% by 谷偉 (Gu Wei), 1.8965% by 馬志江 (Ma Zhijiang), 1.5760% by 樂亞芳 (Le Yafang), 1.4534% by 金輝 (Jin Hui), 1.4183% by 王穎 (Wang Ying), 1.3840% by 蔣善會 (Jiang Shanhui), 1.2796% by 張明杰 (Zhang Mingjie), 1.2796% by 王煬 (Wang Yang), 1.2796% by 張世鵬 (Zhang Shipeng), 1.2796% by 張超 (Zhang Chao), 1.1516% by 李嶢 (Li Yao), 1.1516% by 周文科 (Zhou Wenke), 1.0161% by 沈平鋒 (Shen Pingfeng), 0.9597% by 劉翔 (Liu Xiang), 0.9597% by 李孟亭 (Li Mengting), 0.7677% by 朱艷 (Zhu Yan), 0.6398% by 陳曄偉 (Chen Yewei), and 0.3199% by 桂波 (Gui Bo).

寧波梅山保税港區宏新善投資合夥企業(有限合夥) (Ningbo Meishan Bonded Port Area Hongxinshan Investment Partnership (Limited Partnership)*), is a partnership established in the PRC with limited liability, and an entity which is owned as to 8.0150% by 朱健 (Zhu Jian), 6.7908% by 李沖 (Li Chong), 6.5158% by 夏偉玉 (Xia Weiyu), 5.0577% by 嚴晨辰 (Yan Chenchen), 5.0577% by 徐超靖 (Xu Chaojing), 4.3439% by 陳景瓏 (Chen Jinglong), 4.3439% by 朱碧星 (Zhu Bixing), 4.3439% by 高清 (Gao Qing), 4.3439% by 李知錦 (Li Zhijin), 4.3439% by 姚曉旻 (Yao Xiaomin), 4.3439% by 高泉都 (Gao Quandu), 2.6648% by 王芝祥 (Wang Zhixiang), 2.6648% by 徐丹云 (Xu Danyun), 2.6648% by 周小霞 (Zhou Xiaoxia), 2.3594% by 沈國華 (Shen Guohua), 2.3254% by 董金鐘 (Dong Jinzhong), 2.1719% by 黃冰心 (Huang Bingxin), 2.1719% by 顧葉飛 (Gu Yefei), 2.1719% by 夏金丹 (Xia Jindan), 1.3706% by 管征 (Guan Zheng), 1.3706% by 陳勇達 (Chen Yongda), 1.3706% by 曹軍杰 (Cao Junjie), 1.3706% by 張玉良 (Zhang Yuliang), 1.3706% by 梅明華 (Mei Minghua), 1.3706% by 毛劍 (Mao Jian), 1.3706% by 湯晴 (Tang Qing), 1.3706% by 張立峰 (Zhang Lifeng), 1.3706% by 倪春英 (Ni Chunying), 1.3376% by 王科 (Wang Ke), 1.3376% by 佘月秋 (She Yueqiu), 1.3376% by 張志行 (Zhang Zhixing), 1.0860% by 張天悦 (Zhang Tianyue), 1.0860% by 張濤 (Zhang Tao), 1.0860% by 鄭巧靜 (Zheng Qiaojing), 0.9774% by 壽程耀 (Shou Chengyao), 0.7547% by 葉雨露 (Ye Yulu), 0.5562% by 王剛 (Wang Gang), 0.5430% by 蔡慧飛 (Cai Huifei), 0.4116% by 王凱明 (Wang Kaiming), and 0.4015% by 劉蒙亮 (Liu Mengliang).

寧波梅山保税港區宏新業投資合夥企業(有限合夥) (Ningbo Meishan Bonded Port Area Hongxinye Investment Partnership (Limited Partnership)*), is a partnership established in the PRC with limited liability, and an entity which is owned as to 32.7975% by 周錦 (Zhou Jin), 10.9325% by 郭一薄 (Guo Yibo), 4.3730% by 劉俊豪 (Liu Junhao), 3.6442% by 秦雪麗 (Qin Xueli), 3.6442% by 衛詩華 (Wei Shihua), 2.4746% by 吳奎 (Wu Kui), 2.1865% by 張麗暉 (Zhang Lihui), 1.9397% by 俞志勇 (Yu Zhiyong), 1.8221% by 夏秋子 (Xia Qiuzi), 1.8221% by 王濤 (Wang Tao), 1.8221% by 竹菁 (Zhu Jing), 1.8221% by 李駿 (Li Jun), 1.8221% by 陳漢傑 (Chen Hanjie), 1.8221% by 黃罡 (Huang Gang), 1.8221% by 何海釗 (He Haizhao), 1.8221% by 沈娟 (Shen Juan), 1.8221% by 徐泉民 (Xu Quanmin), 1.2755% by 蔡慧慧 (Cai Huihui), 1.2373% by 劉晨 (Liu Chen), 1.1178% by 丁彥博 (Ding Yanbo), 1.1178% by 周劍峰 (Zhou Jianfeng), 1.1178% by 黃晨淼 (Huang Chenmiao), 1.0021% by 曾濤 (Zeng Tao), 0.9110% by 曹昱 (Cao Yu), 0.9110% by 李俏偉 (Li Qiaowei), 0.9110% by 張健恩 (Zhang Jian'en), 0.9110% by 陳威宇 (Chen Weiyu), 0.9110% by 盛喆烽 (Sheng Zhefeng), 0.9110% by 李嘉楨 (Li Jiazhen), 0.9110% by 龐奕波 (Pang Yibo), 0.9110% by 鄭侃 (Zheng Kan), 0.9110% by 張宇馳 (Zhang Yuchi), 0.8442% by 歐陽帆 (Ouyang Fan), 0.5982% by 葉長洲 (Ye Changzhou), 0.5982% by 王加闖 (Wang Jiachuang), 0.5982% by 方可 (Fang Ke), 0.5466% by 陳杰 (Chen Jie), 0.5466% by 陳丹紅 (Chen Danhong), and 0.2733% by 單晨 (Shan Chen).

浙江忠鑫企業管理有限公司 (Zhejiang Zhongxin Enterprise Management Co., Ltd.*), is a company established in the PRC with limited liability, and a company which is owned as to 60% by Ms. Guan and 40% by Ms. Han.

南京康鑫成生物科技有限公司 (Nanjing Kangxin Cheng Biotechnology Co., Ltd.*), is a company established in the PRC with limited liability, and a company which is owned as to approximately 85.9788% by 南京珺皓企業管理諮詢有限公司 (Nanjing Junhao Enterprise Management Consulting Co., Ltd.*) and approximately 14.0212% by 南京睦誠企業管理合夥企業(有限合夥) (Nanjing Mucheng Enterprise Management Partnership (Limited Partnership)*).

南京珺皓企業管理諮詢有限公司 (Nanjing Junhao Enterprise Management Consulting Co., Ltd.*), is a company established in the PRC with limited liability, and a company which is owned as to 95% by 應秀花 (Ying Xiuhua) and 5% by 黃寧 (Huang Ning).

南京睦誠企業管理合夥企業(有限合夥) (Nanjing Mucheng Enterprise Management Partnership (Limited Partnership)*), is a partnership established in the PRC with limited liability, and an entity which is owned as to 99% by 黃寧 (Huang Ning) and 1% by 南京珺皓企業管理諮詢有限公司 (Nanjing Junhao Enterprise Management Consulting Co., Ltd.*).

寧波梅山保税港區宏旗企業管理合夥企業(有限合夥) (Ningbo Meishan Bonded Port Area Hongqi Enterprise Management Partnership (Limited Partnership)*), is a partnership established in the PRC with limited liability, and an entity which is owned as to approximately 29.9701% by 沈秋云 (Shen Qiuyun), approximately 19.9801% by 王芝祥 (Wang Zhixiang), approximately 19.9801% by 金麗燕 (Jin Liyan), approximately 13.9861% by 夏金丹 (Xia Jindan), approximately 7.992% by周宇飛 (Zhou Yufei) and approximately 7.992% by 周昊 (Zhou Hao).

Except for those companies that are specifically defined as connected companies, all the above companies are independent third parties. The Company has disclosed all the shareholding structures that are available to the Company and have a shareholding of more than or equalling to 5.00% in any companies and the Company considers disclosing shareholding of less than 5.00% is too tedious and meaningless for the shareholders and public information. The Company is not able to obtain the shareholding structures of certain stated owned companies or government-related bodies as 浙江忠鑫企業管理有限公司 (Zhejiang Zhongxin Enterprise Management Co., Ltd.*), a company controlled by Ms. Guan and Ms. Han, is not the controlling shareholder of Blue Whale Bioenergy.

LISTING RULES IMPLICATIONS

(A) Continuing Connected Transactions with Mei Fu Petrochemical

As at the Latest Practicable Date, Mei Fu Petrochemical is owned as to approximately 80% by Mr. Guan indirectly through a number of investment-holding companies controlled by Mr. Guan and his family. 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 the Naphtha Sales and Purchase Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

In respect of the Naphtha Sales and Purchase Agreement, as one or more of the applicable ratios of its proposed annual cap is more than 5%, the transactions contemplated under the Naphtha Sales and Purchase Agreement is therefore subject to reporting, announcement, annual review and the independent shareholders approval requirements under Chapter 14A of the Listing Rules.

(B) Continuing Connected Transactions with Blue Whale Bioenergy

Blue Whale Bioenergy is owned as to 44% by 物產中大化工集團有限公司 (Wuchan Zhongda Chemical Group Co., Ltd.*), 41% by 浙江忠鑫企業管理有限公司 (Zhejiang Zhongxin Enterprise Management Co., Ltd.*), 10% by 南京康鑫成生物科技有限公司 (Nanjing Kangxin Cheng Biotechnology Co., Ltd.*) and 5% by 寧波梅山保稅港區宏旗企業管理合夥企業(有限合夥) (Ningbo Meishan Bonded Port Area Hongqi Enterprise Management Partnership (Limited Partnership)*) and 浙江忠鑫企業管理有限公司 (Zhejiang Zhongxin Enterprise Management Co., Ltd.*) is owned as to 60% by Ms. Guan and 40% by Ms. Han.

As Ms. Guan is the daughter of Mr. Guan and Ms. Han and an executive Director and Ms. Han is Mr. Guan's wife and an executive Director and Mr. Guan is a controlling Shareholder of the Company, Blue Whale Bioenergy is therefore an associate of Ms. Guan, Ms. Han and Mr. Guan and is thus a connected person of the Company and the transactions contemplated under each of the (1) the Steam Purchase Agreement, (2) the Liquefied Petroleum Gas Purchase Agreement, and (3) the Fuel Gas Purchase Agreement constitutes continuing connected transaction(s) of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, in respect of the purchase of products by Sanjiang Chemical from Blue Whale Bioenergy, each of the proposed Annual Caps under each of the (1) the Steam Purchase Agreement, (2) the Liquefied Petroleum Gas Purchase Agreement and (3) the Fuel Gas Purchase Agreement are aggregated as (i) they were entered into between the Sanjiang Chemical and Blue Whale Bioenergy, a connected person; and (ii) they are of a similar nature relating to the purchase of gases 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 (1) the Steam Purchase Agreement, (2) the Liquefied Petroleum Gas Purchase Agreement and (3) the Fuel Gas Purchase Agreement are more than 5%, the transactions contemplated under each of (1) the Steam Purchase Agreement, (2) the Liquefied Petroleum Gas Purchase Agreement and (3) the Fuel Gas Purchase Agreement are therefore subject to the reporting, announcement, annual review and the independent shareholders approval requirements under Chapter 14A of the Listing Rules.

GENERAL

Ms. Han and Ms. Guan were interested in each of the Mei Fu Petrochemical CCTs and Blue Whales Bioenergy CCTs and they therefore abstained from voting on the board resolutions of the Company approving each of the Mei Fu Petrochemical CCTs and the Blue Whale Bioenergy CCTs and the transactions contemplated thereunder. Save as disclosed, none of the Directors had any material interest in each of the Mei Fu Petrochemical CCTs and the Blue Whale Bioenergy CCTs and none of them were required to abstain from voting on the board resolutions of the Company in respect thereof.

The Company will seek Independent Shareholders' approval at the EGM for, if thought fit, approving, among other things, the entering into the each of the Non-Exempt CCT Agreements, together with the corresponding Annual Caps, and the transactions contemplated thereunder.

The Company has established the Independent Board Committee to advise the Independent Shareholders as to whether the terms of each of the Non-Exempt CCT Agreements and the corresponding 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 interest of the Company and Shareholders as a whole.

THE EGM

The Company will convene the EGM on Thursday, 15 January 2026, 12:00 p.m. at 5/F, United Centre, 95 Queensway, Admiralty, Hong Kong at which ordinary resolutions will be proposed for the Independent Shareholders to consider and, if thought fit, approving, among other things, the entering into each of the Non-Exempt CCT Agreement. A notice of the EGM is set out on pages 62 to 65 of this circular.

A form of proxy for use at the EGM is also enclosed. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolutions put to the vote at the EGM will be taken by way of poll. The chairman of the EGM will explain the detailed procedures for conducting a poll at the commencement of the EGM. After the conclusion of the EGM, the poll results will be published on the respective websites of the Stock Exchange and the Company.

As at the Latest Practicable Date, 536,936,000 shares of the Company were held by Sure Capital Holdings Limited ("**Sure Capital**") which was owned as to 84.71% by Mr. Guan and 15.29% by Ms. Han. As at the Latest Practicable Date, 20,378,000 shares of the Company was owed by Mr. Guan, the spouse of Mr. Han. As such, Ms. Han is deemed to be interested in those shares held by Mr. Guan under the SFO.

Accordingly, each of Mr. Guan, Ms. Han, Ms. Guan and Sure Capital are required to abstain from voting at the EGM under the Listing Rules in respect of the resolutions approving, among other things, the entering into each of the Non-Exempt CCT Agreements.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 12 January 2026 to Thursday, 15 January 2026, both days inclusive, for the purpose of ascertaining the right of shareholders of the Company to attend and vote at the EGM to be held on Thursday, 15 January 2026. In order to qualify for attending and voting at the EGM, all transfers documents accompanied by the relevant share certificates must be deposited with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 9 January 2026.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 34 to 35 of this circular and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 36 to 54 of this circular in connection with (i) each of the Non-Exempt CCT Agreements and the respective proposed Annual Caps contemplated thereunder; and (ii) the proposed Annual Caps for each of the Non-Exempt CCTs and the respective proposed Annual Caps contemplated thereunder and the principal factors and reasons considered by the Independent Financial Adviser in arriving at such advice.

The Independent Board Committee, having taken into account the advice from Lego Corporate Finance Limited, considers that (i) each of the Non-Exempt CCT Agreement and the respective proposed Annual Caps contemplated thereunder; and (ii) the proposed Annual Caps for each of the Non-Exempt CCTs and the respective proposed Annual Caps contemplated thereunder were entered into on normal commercial terms and the terms thereof are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Accordingly, the Directors, including the Independent Board Committee, recommend the Shareholders to vote in favour of the ordinary resolutions to approve (i) the entering into of each of the Non-Exempt CCT Agreements; and (ii) the proposed Annual Caps for the each of the Non-Exempt CCTs at the EGM as set out in the notice of the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully
By Order of the Board
China Sanjiang Fine Chemicals Company Limited
Han Jianhong
Chairlady and executive Director

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)

18 December 2025

To the Independent Shareholders

CONTINUING CONNECTED TRANSACTIONS WITH MEI FU PETROCHEMICAL AND BLUE WHALE BIOENERGY

Dear Sir or Madam,

We refer to the circular of the Company dated 18 December 2025 (the "**Circular**") to the Shareholders, of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

We have been appointed as members of the Independent Board Committee to advise you as to whether, in our opinion, (i) the terms of each Non-Exempt CCT Agreements; and (ii) the proposed Annual Caps for each of the Non-Exempt CCTs 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.

Lego Corporate Finance Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with (i) each of the Non-Exempt CCT Agreements; and (ii) the proposed Annual Caps for each of the Non-Exempt CCTs.

Your attention is drawn to the "Letter from the Board" set out on pages 5 to 33 of the Circular which contains, *inter alia*, information about (i) the terms of each of the Non-Exempt CCT Agreements; and (ii) the proposed Annual Caps each of the Non-Exempt CCTs.

The "Letter from the Independent Financial Adviser" is set out on pages 36 to 54 of the Circular which contains its advice in respect of (i) each of the Non-Exempt CCT Agreements; and (ii) the proposed Annual Caps for each of the Non-Exempt CCTs together with the principal factors taken into consideration.

Having considered (i) the terms of each of Non-Exempt CCT Agreements; and (ii) the proposed Annual Caps for each of the Non-Exempt CCTs and having taken into account the factors and reasons considered by and the advice from the Independent Financial Adviser as stated in their letter dated 18 December 2025, we consider that (i) the terms of each of the Non-Exempt CCT Agreements; and (ii) the proposed Annual Caps each of the Non-Exempt CCTs and the transactions thereunder are fair and reasonable, in the ordinary and usual course of business of the Group, on normal commercial terms so far as the interests of the Independent Shareholders are concerned; and the entering into of each of the Non-Exempt CCT Agreements are in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to ratify and approve each of the Non-Exempt CCT Agreements and the respective proposed Annual Caps contemplated thereunder.

Yours faithfully,
For and on behalf of
The Independent Board Committee

Mr. SHEN Kaijun **Ms. PEI Yu** **Mr. KONG Liang**
Independent non-executive Directors

The following is the full text of the letter from the Independent Financial Adviser setting out the advice to the Independent Board Committee and the Independent Shareholders in relation to the Naphtha Sale and Purchase Agreement, the Steam Purchase Agreement, the Liquefied Petroleum Gas Purchase Agreement and the Fuel Gas Purchase Agreement and the proposed annual caps contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.

Lego Corporate Finance Limited
力高企業融資有限公司

18 December 2025

To: *The Independent Board Committee and the Independent Shareholders of China Sanjiang Fine Chemicals Company Limited*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS WITH MEI FU PETROCHEMICAL AND BLUE WHALE BIOENERGY

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of (1) the Naphtha Sale and Purchase Agreement (the "**New Naphtha Sale and Purchase Agreement**") with Mei Fu Petrochemical and (2) the Steam Purchase Agreement, the Liquefied Petroleum Gas Purchase Agreement and the Fuel Gas Purchase Agreement (collectively, the "**Blue Whale Agreements**") with Blue Whale Bioenergy and the respective proposed annual caps contemplated thereunder, details of which are set out in the section headed "Letter from the Board" (the "**Letter from the Board**") contained in the circular issued by the Company to the Shareholders dated 18 December 2025 (the "**Circular**"), of which this letter forms apart. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Renewal of Continuing Connected Transactions with Mei Fu Petrochemical

On 4 April 2023 (after trading hours), Mei Fu Petrochemical and the Company (an indirectly wholly-owned subsidiary of the Company) entered into the Naphtha Sale and Purchase Agreement (the "**Existing Naphtha Sale and Purchase Agreement**") pursuant to which the Company has agreed to purchase naphtha from Mei Fu Petrochemical. As the Existing Naphtha Sale and Purchase Agreement and the annual caps thereunder will expire on 31 December 2025 and the Company will continue to conduct the transactions contemplated thereunder upon the expiry, on 21 November 2025, Mei Fu Petrochemical and the Company entered into the New Naphtha Sale and Purchase Agreement, with a term of three years from 1 January 2026 to 31 December 2028.

As at the Latest Practicable Date, Mei Fu Petrochemical is owned as to approximately 80% by Mr. Guan indirectly through a number of investment-holding companies controlled by Mr. Guan and his family. 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 the New Naphtha Sale and Purchase Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable ratios in respect of the proposed annual caps of the New Naphtha Sale and Purchase Agreement is more than 5%, the transactions contemplated thereunder are therefore subject to reporting, announcement, annual review and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Continuing Connected Transactions with Blue Whale Bioenergy

As at the Latest Practicable Date, Blue Whale Bioenergy is owned as to 44% by 物產中大化工集團有限公司 (Wuchan Zhongda Chemical Group Co., Ltd.*), 41% by 浙江忠鑫企業管理有限公司 (Zhejiang Zhongxin Enterprise Management Co., Ltd.*), 10% by 南京康鑫成生物科技有限公司 (Nanjing Kangxin Cheng Biotechnology Co., Ltd.*) and 5% by 寧波梅山保税港區宏旗企業管理合夥企業(有限合夥) (Ningbo Meishan Bonded Port Area Hongqi Enterprise Management Partnership (Limited Partnership)*) and 浙江忠鑫企業管理有限公司 (Zhejiang Zhongxin Enterprise Management Co., Ltd.*) is owned as to 60% by Ms. Guan and 40% by Ms. Han. As Ms. Guan is the daughter of Mr. Guan and Ms. Han and an executive Director and Ms. Han is Mr. Guan's wife and an executive Director and Mr. Guan is a controlling Shareholder of the Company, Blue Whale Bioenergy is therefore an associate of Ms. Guan, Ms. Han and Mr. Guan and is thus a connected person of the Company and the transactions contemplated under each of the (1) the Steam Purchase Agreement, (2) the Liquefied Petroleum Gas Purchase Agreement, and (3) the Fuel Gas Purchase Agreement constitute continuing connected transaction(s) of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, in respect of the purchase of products by the Company from Blue Whale Bioenergy, each of the proposed Annual Caps under each of the (1) the Steam Purchase Agreement, (2) the Liquefied Petroleum Gas Purchase Agreement, and (3) the Fuel Gas Purchase Agreement are aggregated as (i) they were entered into between the Company and Blue Whale Bioenergy, a connected person; and (ii) they are of a similar nature relating to the 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 (1) the Steam Purchase Agreement, (2) the Liquefied Petroleum Gas Purchase Agreement and (3) the Fuel Gas Purchase Agreement are more than 5%, the transactions contemplated under each of the (1) the Steam Purchase Agreement, (2) the

Liquefied Petroleum Gas Purchase Agreement and (3) the Fuel Gas Purchase Agreement are therefore subject to the reporting, announcement, annual review and the independent shareholders approval requirements under Chapter 14A of the Listing Rules.

An EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the entering into of the New Naphtha Sale and Purchase Agreement, each of the Blue Whale Agreements and the respective proposed Annual Caps contemplated thereunder by the Independent Shareholders. According to the Letter from the Board, Mr. Guan and Ms. Han are required to abstain from voting at the EGM under the Listing Rules in respect of the resolutions approving the same.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Shen Kaijun, Ms. Pei Yu and Mr. Kong Liang, has been established to consider the New Naphtha Sale and Purchase Agreement and the Blue Whale Agreements and to advise and make recommendations to the Independent Shareholders as to how to vote at the EGM on the ordinary resolution regarding the transactions contemplated under the agreements. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

As at the Latest Practicable Date, Lego did not have any relationships or interests with the Company that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years, other than the engagement as the independent financial adviser to the independent board committee and independent shareholder of the Company in respect of continuing connected transactions as stated in the circular of the Company dated 22 January 2024, there was no engagement, any relationships or services provided between the Group and Lego that would affect our independence. Apart from normal professional fees paid or payable to us in connection with the aforesaid engagement and this appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Group. Accordingly, we are independent under Rule 13.84 of the Listing Rules and qualified to give independent advice in respect of the terms of the New Naphtha Sale and Purchase Agreement and the Blue Whale Agreements and the transactions contemplated thereunder (including the proposed Annual Caps).

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information provided by the Group; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us by the Directors and/or the management of the Group for which they are solely and wholly responsible for, or contained or referred to in the Circular were true, accurate and complete in all respects as at the date hereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they

were made and continue to be true as at the date thereof and may be relied upon. We have also assumed that all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and/or the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the EGM. The Company shall inform the Independent Shareholders as soon as practicable if there is any material change to such information in accordance with the Listing Rules on or before the date of the EGM.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in respect of the New Naphtha Sale and Purchase Agreement, the Blue Whale Agreements and the transactions contemplated thereunder, we have considered the following principal factors and reasons.

1. Reasons for entering into the agreements

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 PP, 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.

1.1 New Naphtha Sale and Purchase Agreement

With reference to the Circular of the Company dated 28 April 2023. On 4 April 2023, the Company entered into a naphtha sale and purchase agreement for the period from 15 May 2023 and ending 31 December 2025, pursuant to which the Company agreed to purchase naphtha from Mei Fu Petrochemical. Having considered the existing production scale, the Company considers it necessary to renew its existing purchase of naphtha from Mei Fu Petrochemical and entered into the New Naphtha Sale and Purchase Agreement for three years ending 31 December 2028. The Group's production facilities being the 6th phase EO/EG production facilities and its ancillary

upstream level production facilities require naphtha as one of the feed stocks for its production purpose. The entering into the New 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 situated near to the premises of the Group, the transporting costs of naphtha can be further reduced.

1.2 Steam Purchase Agreement

The Company intends to gradually replace the purchase of 0.65 MPa steam from Jiahua Energy Chemical by the purchase of 1.3 MPa steam from Blue Whale Bioenergy. As disclosed in the circular of the Company dated 22 January 2024, the Company has been sourcing steam of low pressure, medium pressure and high pressure from Jiahua Energy Chemical. As the low pressure steam (1.3 MPa) is a by-product of the production process of Blue Whale Bioenergy, the unit price would be comparatively lower than the unit price of low pressure steam (0.65 MPa) supplied by Jiahua Energy Chemical and the overall efficiency of our machinery would also be improved when using 1.3 MPa low pressure steam in the production process.

1.3 Liquefied Petroleum Gas Purchase Agreement and Fuel Gas Purchase Agreement

The Company intends to source liquefied petroleum gas and fuel gas as an alternative to replace certain part of the use of ethane in its production process. The Company previously has been sourcing ethane from suppliers in the United States. The liquefied petroleum gas and the fuel gas could be transported directly through the pipes connected to the production plant of the Company from Blue Whale Bioenergy. In such case, the Company saves approximately RMB150 per ton under this arrangement, when comparing to purchase of ethane from the United States, on port docking fee, storage, and transportation costs. Blue Whale Bioenergy is located in the vicinity of the Company's production facilities and this would further shorten the time required and improve the efficiency for the supplies.

Considering the above, we concur with the Directors' view that the entering into of the New Naphtha Sale and Purchase Agreement and the Blue Whale Agreements are in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

2. Principal terms under the agreements

2.1 New Naphtha Sale and Purchase Agreement

Pursuant to the New Naphtha Sale and Purchase Agreement, the Company has agreed to purchase naphtha from Mei Fu Petrochemical for the approximately three years ending 31 December 2028. The purchase price for naphtha shall be determined based on the following formula:

(average monthly price as disclosed by China Petroleum & Chemical Corporation ("**Sinopec**") – β) x (1 + PRC consumption tax rate 13%)

β 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 β 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 of sulphur. Daily samples of naphtha will be provided by Mei Fu Petrochemical. The Company will test the amount of sulphur in its own laboratory to verify the amount of sulphur stated in the daily notification of Mei Fu Petrochemical is correct. If there is any discrepancy, the daily samples will be sent to an independent third party laboratory for testing and verification.

The actual amount of naphtha shall be based on the actual metre reading of Mei Fu Petrochemical and to be verified by the Company 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. The Company is given to understand that the meter used by Mei Fu Petrochemical is of industrial standard and is subject to regular inspection and testing. Based on the previous records, the discrepancy between the actual metre reading of Mei Fu Petrochemical and the Company remained to be less than 3%. In the event that there is a discrepancy more than 3% between the metre reading of Mei Fu Petrochemical and that of the Company, the consideration shall be calculated with reference to the lower amount. Mei Fu Petrochemical shall be responsible for the maintenance of the pipeline up to one metre outside the premises of the Company and the Company shall be responsible for the maintenance of the pipeline connecting therefrom to its own facilities. The Company and Mei Fu Petrochemical shall agree on the amount of naphtha sold and purchased at the end of each calendar month and the Company shall pay the consideration to Mei Fu Petrochemical on or before the 15th day of the next calendar month. In the event there is any disagreement on the amount of naphtha sold and purchased at the end of each calendar month, the purchased amount as recorded by the Company will be used as the final amount for the calculation of the consideration payable under the New Naphtha Sales and Purchase Agreement.

In addition to the reference price as disclosed by Sinopec, to ensure the price of naphtha purchased from Mei Fu Petrochemical will be no less favorable than that offered by independent suppliers, the Group will also make reference to the price of naphtha purchased from other independent suppliers of comparable quality (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favorable than those offered by the connected suppliers to their other independent third party customers). In the event where no independent third party suppliers are available, Mei Fu Petrochemical agrees to provide and procure other connected suppliers, if applicable, from time to time to provide the relevant pricing information offered to other independent third party customers to the Company.

In assessing the fairness and reasonableness of the terms of the New Naphtha Sale and Purchase Agreement, we have, on a random sampling basis, obtained and reviewed 10 sets of invoices in respect of the purchase of naphtha ("**Sample Naphtha Invoices**") by the Group with Mei Fu Petrochemical under the existing naphtha sale and purchase agreement during the first 10 months of 2025 (the "**Review Period**"). On the other hand, we have enquired with the Company and understand that there had been historical transactions of the Group with independent third parties with respect to purchase of naphtha. We have obtained 5 sets of agreements ("**Naphtha I3P Agreements**") and underlying invoices ("**Naphtha I3P Invoices**") entered into by the Group as purchaser of naphtha with independent third parties during the Review Period. It is noted that the unit price of the Sample Naphtha Invoices are no less favorable to the Group than those of the Naphtha I3P Invoices entered into within the same month. We further noted that the pricing terms under the Naphtha I3P Agreements are substantially consistent with those under the New Naphtha Sale and Purchase Agreement, which was also based on the prevailing market price, and therefore are no less favorable to the Group than that offered by independent third parties under all of the Naphtha I3P Agreements. Moreover, we noted that the payment terms under the New Naphtha Sale and Purchase Agreement are no less favorable to the Group than that offered by independent third parties under all of the Naphtha I3P Agreements.

We noted that the purchase price for naphtha under the New Naphtha Sale and Purchase Agreement is primarily based on the prevailing market prices published by Sinopec as observed from well-known independent commodity information providers in the PRC such as 卓創資訊 (http://prices.sci99.com), displaying more than 10,000 market price data items updated on a daily basis with 94,000 information sources worldwide, with over 1,000 employees including 490 analysts, researchers and consultants serving 3 million registered users covering industry participants, financial institutions, commodity exchanges, government agencies, media and scientific research institutions among which at least 150 clients being corporations of the Fortune Global 500 and their subsidiaries. As Sinopec is the largest supplier of naphtha in the Huadong area of the PRC, which is in the proximity where both Mei Fu Petrochemical and the Company are principally operated, we concur with the view of the Directors that the reference to average monthly price of naphtha as disclosed by Sinopec is appropriate which is generally accepted across the industry.

As part of our independent assessment, we have conducted research from the public domain and noted that it is common to determine the purchase price of naphtha based on the prevailing market price. In addition, subject to the concentration of sulphur being one of the major constituents of naphtha, the price of naphtha shall be adjusted by the β where if the concentration of sulphur is more than 650 mg/kg, the price of naphtha shall be adjusted downward by RMB1/tonne for each additional unit of 1 mg/kg of sulphur, whereas if the concentration of sulphur is less than 650 mg/kg, no adjustment shall be made. According to management of the Company (the "**Management**"), the Group will make reference to quotations of independent third parties for the supply of naphtha with the same price adjustment mechanism with reference to the level of sulphur so as to ensure that the monthly average price paid by

the Group to Mei Fu Petrochemical under the New Naphtha Sale and Purchase Agreement shall be no less favorable to the Group than that offered by independent third parties. As the purchase price for naphtha under the New Naphtha Sale and Purchase Agreement will be primarily made with reference to the prevailing monthly average market prices and, if applicable, adjusted for the corresponding level of sulphur, which shall be no less favorable to the Group than the terms offered by independent third parties, we consider the pricing terms under the New Naphtha Sale and Purchase Agreement are fair and reasonable.

Based on the above, we consider that the principal terms under the New Naphtha Sale and Purchase Agreement are normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

2.2 Steam Purchase Agreement

Pursuant to the Steam Purchase Agreement, Blue Whale Bioenergy has agreed to supply low pressure steam (1.3MPa) to the Company for the three years ending 31 December 2028. The purchase price for low pressure steam (1.3 MPa) shall be at a price which is the weighted average price (per tonne) of those obtained by the Company from its independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favorable than those offered by the connected suppliers to their other independent third party customers) for the relevant product of comparable quality and steam pressure during the same month of supply. In the event where no independent third party suppliers are available, Blue Whale Bioenergy agrees to provide and procure other connected suppliers, if applicable, from time to time to provide the relevant pricing information offered to other independent third party customers for the Company to calculate the weighted average purchase price (per tonne) of low pressure steam (1.3 MPa). The purchase price payable by the Company in respect of purchases under the Steam Purchase Agreement shall be tallied on the 25th day of each calendar month.

Despite the absence of the historical transactions in respect of the purchase of steam from Blue Whale Bioenergy, in assessing the fairness and reasonableness of the principal terms of the Steam Purchase Agreement, we have attempted to obtain from the Company any historical transaction between the Group as purchaser of low pressure steam of comparable quality from independent third party for comparison purpose. However, we were advised that there had been no such historical transaction. Alternatively, we understand from the Company that there had been historical transactions by Jiahua Energy Chemical with respect to sale of low-pressure steam (1.3 MPa) to the Company. We have therefore obtained and reviewed one set of agreement ("**1.3 MPa CP Agreement**") provided by the Company, being the only agreement of the Company in respect of purchase of low-pressure steam (1.3MPa) from a connected supplier during the Review Period. We noted that the pricing terms under the Steam Purchase Agreement are substantially consistent with those under the 1.3 MPa CP Agreement, which were also based on the principle of ensuring that the terms for

connected party transactions are no less favorable than those offered to independent third party. Further, we noted that the payment terms under the Steam Purchase Agreement are no less favorable to the Company when compared to those under the 1.3 MPa CP Agreement. Accordingly, we consider that the principal terms of the Steam Purchase Agreement are normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

2.3 Liquefied Petroleum Gas Purchase Agreement

Pursuant to the Liquefied Petroleum Gas Purchase Agreement, Blue Whale Bioenergy has agreed to supply liquefied petroleum gas to the Company for the three years ending 31 December 2028. The purchase price of liquefied petroleum gas shall be the Propane/Butane Mixture VAT-inclusive Price as quoted as "CP Price" by 卓創資訊 (http://prices.sci99.com), a well-known independent commodity information provider in the PRC as mentioned above, adjusted with elements of: 1) a bulk purchase discount — being additional deduction of USD10 per tonne based on the commercial negotiation with Blue Whale Bioenergy; and 2) the applicable VAT imposed by PRC government (i.e. the current VAT rate for Propane/Butane Mixture is 9%), where "CP Price" is defined as the lower end of monthly range of Propane/Butane Mixture price provided by Saudi Arabian Oil Company. Blue Whale Bioenergy and the Company shall agree on the amount of liquefied petroleum gas purchased at the end of each calendar month and the Company shall pay the consideration to Blue Whale Bioenergy on or before the 15th day of the subsequent calendar month. As Saudi Arabian Oil Company accounts for approximately one quarter of the total global supply of Propane/Butane Mixture as at the Latest Practicable Date, we concur with the Director's view that the Propane/Butane Mixture pricing provided by Saudi Arabian Oil Company represents a reliable reference of prevailing market prices.

In addition to the CP price, to ensure the price of liquefied petroleum gas purchased from Blue Whale Bioenergy will be no less favorable than that offered by independent suppliers, the Group will also make reference to the price of liquefied petroleum gas purchased from other independent suppliers of comparable quality (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favorable than those offered by the connected suppliers to their other independent third party customers). In the event where no independent third party suppliers are available, Blue Whale Bioenergy agrees to provide and procure other connected suppliers, if applicable, from time to time to provide the relevant pricing information offered to other independent third party customers to the Company.

Despite the absence of the historical transactions in respect of the purchase of liquefied petroleum gas from Blue Whale Bioenergy, in assessing the fairness and reasonableness of the terms of the Liquefied Petroleum Gas Purchase Agreement, we have attempted to obtain from the Company any similar historical or existing purchase agreement of the Group with independent third parties with respect to purchase of liquefied petroleum gas but as advised by the Company, there was no such comparable

historical transaction. We are further advised that there were no historical sales of liquefied petroleum gas by Blue Whale Bioenergy to independent third parties. As part of our independent assessment, we have conducted research from the public domain and noted that it is common to determine the purchase price of liquefied petroleum gas based on prevailing market price. In addition, pursuant to the Liquefied Petroleum Gas Purchase Agreement, the purchase price of liquefied petroleum gas shall be the Propane/Butane Mixture VAT-inclusive Price as quoted as "CP Price" by 卓創資訊, being the lower end of the monthly Propane/Butane Mixture price range provided by Saudi Arabian Oil Company, and shall be adjusted by (i) a bulk purchase discount of USD10 per tonne and (ii) the applicable VAT imposed by the PRC government. As the purchase price under the Liquefied Petroleum Gas Purchase Agreement is primarily made with reference to the prevailing monthly CP Price as provided by Saudi Arabian Oil Company which is appropriate as discussed above and is adjusted strictly in accordance with the pricing mechanism stipulated therein, which the Directors will make sure the price to be no less favourable than those offered by independent third parties as disclosed in the Letter from the Board, we consider that the principal terms of the Liquefied Petroleum Gas Purchase Agreement are normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

2.4 Fuel Gas Purchase Agreement

Pursuant to the Fuel Gas Purchase Agreement, Blue Whale Bioenergy has agreed to supply fuel gas to Sanjiang Chemical for the three years ending 31 December 2028. The purchase price for fuel gas shall be at a price which is the weighted average price (per nm^3) of those obtained by Sanjiang Chemical from its independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) for the relevant product of comparable quality during the same month of supply. In the event where no independent third party suppliers are available, Blue Whale Bioenergy agrees to provide and procure other connected suppliers, if applicable, from time to time to provide the relevant pricing information offered to other independent third party customers for the Company to calculate the weighted average purchase price (per nm^3) of fuel gas. The purchase price payable by Sanjiang Chemical in respect of purchases under the Fuel Gas Purchase Agreement shall be tallied on the 25th day of each calendar month.

Despite the absence of the historical transactions in respect of the purchase of fuel gas from Blue Whale Bioenergy, in assessing the fairness and reasonableness of the principal terms of the Fuel Gas Purchase Agreement, we have enquired with the Company and understand that there had been historical transactions of the Group with independent third parties with respect to purchase of fuel gas from independent third party. We have therefore obtained and reviewed one set of agreement ("**Fuel Gas I3P Agreement**") provided by the Company, being the only agreement of the Company in respect of purchase of fuel gas during the Review Period. We noted that the pricing

terms under the Fuel Gas Purchase Agreement are substantially consistent with those under the Fuel Gas I3P Agreement, which were also based on the principle of ensuring that the terms for connected party transactions are no less favorable than those offered to independent third party. Further, we noted that the payment terms under the Fuel Gas Purchase Agreement are no less favorable to the Company when compared to those under the Fuel Gas I3P Agreement. Accordingly, we consider that the principal terms of the Fuel Gas Purchase Agreement are normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

3. The Annual Caps

3.1 New Naphtha Sale and Purchase Agreement

Set out below are the annual caps under the existing naphtha sale and purchase agreement for the three years ended/ending 31 December 2025, the historical transaction amounts of the existing naphtha sale and purchase agreement for the two years ended 31 December 2024 and the ten months ended 31 October 2025, respectively.

	For the year ended/ending 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Existing annual caps	3,266,700	5,600,000	5,600,000

	For the year ended 31 December		**For the ten months ended 31 October**
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Historical transaction amounts	1,360,782	2,765,009	1,931,629
Utilisation rates *(Note)*	**41.7%**	**49.4%**	**34.5%**

Note: The utilisation rate is calculated as the historical transaction amount for the respective year/period divided by the existing annual caps for the respective year.

Set out below are the proposed Annual Caps under the New Naphtha Sale and Purchase Agreement for the three years ending 31 December 2028:

	For the year ending 31 December		
	2026	**2027**	**2028**
	RMB'000	*RMB'000*	*RMB'000*
Proposed Annual Caps	2,600,000	2,600,000	2,600,000

The determination of the proposed annual caps in respect of the purchase of naphtha under the New Naphtha Sale and Purchase Agreement is based on, among others, the projected annual purchase volume from Mei Fu Petrochemical and the projected purchase price of naphtha. As advised by the Company, in respect of the projected annual purchase volume, the Group's total annual demand for naphtha is approximately 1 million tonnes. As noted from the projected purchase volume as stipulated under the proposed Annual Caps, this level of demand is expected to remain stable for the three years ending 31 December 2028, which is consistent with the actual demand for the year ended 31 December 2024, being the first full year of operation after the ramp-up and the commencement of the commercial operation of the Group's 6th phase EO/EG production facilities and its ancillary upstream level production facilities, in line with the Group's steady production planning.

The proposed annual purchase amount from Mei Fu Petrochemical is determined with reference to the Mei Fu's production capacity as well. We noted that the estimated purchase quantity of naphtha from Mei Fu Petrochemical is within the total anticipated naphtha production by Mei Fu Petrochemical. On the other hand, based on the procurement documentation provided by the Company, the estimated purchase amount from Mei Fu Petrochemical of 360,000 tonne per year represents not more than 40% of the Group's total anticipated naphtha procurement, thereby achieving the Company's broader multi-sourced strategy which also includes procurements from a number of other independent third-party suppliers.

As regards the projected purchase price of naphtha, the Company has primarily made reference to the average monthly price as disclosed by Sinopec, as quoted on 卓創資訊 (http://prices.sci99.com), an independent third party platform for commodity market price information which is regulated by National Development and Reform Commission of the PRC, with the price adjustment mechanism (i.e. β) which takes reference to the same price adjustment mechanism adopted between the Company and independent third parties in terms of naphtha procurement, without having regard to any potential downward price adjustment corresponding to the level of sulphur for prudence's sake. In this respect, we have reviewed and compared the projected price of naphtha against the monthly average market price published by Sinopec in October 2025 available from independent commodity information providers including 卓創資訊 (http://prices.sci99.com) and noted that, after taking into account the relevant tax rate, they are broadly comparable. As the Company expects the purchase amount will remain stable and the monthly average unit price of naphtha will trade within a reasonable price range in the next years, the Proposed Annual Caps remain the same for the three years ending 31 December 2028. As our independent assessment, we have also made reference to the historical price trend of naphtha available from the abovementioned independent commodity information provider and noted that the market price of naphtha (after adjustment of consumption tax in accordance with the applicable notice published by Ministry of Finance and State Taxation Administration) had been trading at a relatively wide price range last year which ranged from a monthly average of RMB6,545.2 per tonne to RMB7,355.2 per tonne, and recorded a monthly average of RMB6,873.5 per tonne for the period from November 2024 to October 2025. Given the significantly wide range of market prices in

the previous 12-month period, we consider it is reasonable for the Company to estimate the monthly average unit price of naphtha with reference to the prevailing market price with a buffer of no more than 5% from the monthly average price in the previous 12-month period in order to cater for any future price fluctuations in the next years.

Based on the above, we are of the view that the determination of the proposed Annual Caps for the approximately three years ending 31 December 2028 under the New Naphtha Sale and Purchase Agreement is fair and reasonable.

3.2 Blue Whale Agreements

Set out are the proposed Annual Caps under each of the Blue Whale Agreements, respectively:

Blue Whale Agreements	**Proposed Annual Caps for each of the three years ending 31 December 2028** *RMB'000*
Steam Purchase Agreement	69,000
Liquefied Petroleum Gas Purchase Agreement	100,000
Fuel Gas Purchase Agreement	72,000

There were no historical transaction amount between Sanjiang Chemical and Blue Whale Bioenergy in respect of the purchase of products as contemplated under each of the Blue Whale Agreements.

3.2.1 Steam Purchase Agreement

The determination of the Proposed Annual Caps in respect of the purchase of low pressure steam (1.3 MPa) is based on the projected purchase amount and expected unit price of low pressure steam (1.3 MPa) for the three years ending 31 December 2028, taking into account the average unit prices of low pressure steam (1.3 MPa) transacted between Sanjiang Chemical and its other suppliers during the 12 months immediately preceding the date of the Announcement, being the actual figures available to Sanjiang Chemical at the time when the Company made the relevant cap estimation.

As disclosed in the Letter from the Board, the Group intends to gradually replace the purchase of 0.65 MPa steam from Jiahua Energy Chemical with the purchase of 1.3 MPa steam from Blue Whale Bioenergy, as the costs of sourcing the low pressure steam (1.3 MPa) from Blue Whale Bioenergy would be lower and the 1.3 MPa steam performs better in term of production efficiency when comparing to 0.65 MPa steam. The Management further advised that the historical consumption level reflects the Group's stable operational demand for

low-pressure steam, as the Group's production facilities have been operating, and are expected to continue operating, at full capacity in the next three years; accordingly, the planned substitution with 1.3 MPa steam represents a continuation of this stable demand pattern rather than an expansion of usage. We have therefore compared the projected purchase volume with historical purchase volume of 0.65 MPa steam from Jiahua Energy Chemical and noted that the annual projected purchase volume as stipulated under the proposed Annual Caps did not exceed the respective historical purchase volumes for the two years ended 31 December 2024 and the ten months ended 31 October 2025 on an annualised basis.

On the other hand, the projected purchase amount is determined with reference to the Blue Whale Bioenergy's production capacity as well. We noted that the maximum surplus output of 1.3 MPa steam by Blue Whale Bioenergy, being the maximum annual production of 1.3 MPa steam after deducting its internal 1.3 MPa steam consumption, is consistent with projected purchase volume for the next three years which does not exceed the Group's estimated maximum operational demand for 1.3 MPa steam.

As regards the projected unit price of the 1.3 MPa steam for the three years ending 31 December 2028, pursuant to the pricing mechanism disclosed in the Letter from the Board, the purchase price of 1.3 MPa steam shall be at a price which is the weighted average of those obtained by the Company from its independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favourable than those offered by the connected suppliers to their other independent third party customers) for the relevant product of comparable quality and steam pressure during the same month of supply. As advised by the Management, the Group did not have any independent third party suppliers of 1.3 MPa steam other than Jiahua Energy Chemical. The Company has therefore made reference to the historical purchase prices of low pressure steam from Jiahua Energy Chemical when determining the projected unit price. In this connection, we have reviewed the historical prices and fluctuation trends of low pressure steam purchased by the Group from Jiahua Energy Chemical. We noted that the historical prices have been exhibiting a declining trend since 2023 and that the projected unit price of 1.3MPa steam is lower than the historical average unit price of 1.3 MPa steam purchased by the Group from Jiahua Energy Chemical during the Review Period. We have enquired with the Management on the determination of the adopted unit price being below historical levels and learnt that notwithstanding the low pressure steam supplied by Jiahua Energy Chemical serves as a historical price reference, considering (i) the variation of steam quality produced by Blue Whale Bioenergy in terms of temperature and pressure; and (ii) the low pressure steam (1.3MPa) is generated as a by-product of the production process of Blue Whale Bioenergy, the unit price of low pressure steam offered by Blue Whale Bioenergy would be comparatively lower than the unit price of low pressure steam supplied by Jiahua Energy

Chemical. Further, as confirmed by the Management, despite the aforesaid difference in quality of steam to be purchased from Blue Whale Bioenergy as feedstock, the Group's production would not be affected such that the Group intends to gradually replace the purchase of low pressure steam from Jiahua Energy Chemical by the purchase of low pressure steam from Blue Whale Bioenergy going forward.

Regarding the relatively stable estimation in the price of the 1.3 MPa steam for the coming years, as part of our independent assessment, we have conducted searches of publicly available sources, including policy papers issued by the National Development and Reform Commission ("**NDRC**") and the Ministry of Industry and Information Technology ("**MIIT**") in relation to cogeneration and the utilisation of process waste heat and noted that steam generated as a by-product of chemical production or through the recovery of process waste heat generally exhibits a more stable cost structure, as its production cost is primarily driven by equipment operating efficiency and heat-recovery mechanisms rather than fluctuations in external fuel prices or market supply and demand. As disclosed in the Letter from the Board, the 1.3 MPa steam supplied by Blue Whale Bioenergy to the Group is generated as a by-product of its production process rather than produced as a commercial product. Given the inherent characteristics of by-product steam, it is reasonable that the Company expects the projected unit price of 1.3MPa Steam to remain relatively stable over time.

Taking into account (i) the projected purchase volume is made reference to the demand of 1.3 MPa steam from Blue Whale Bioenergy which is driven by the replacement of the Group's existing purchase of 0.65 MPa steam from Jiahua Energy Chemical; (ii) the estimated purchase volume is within Blue Whale Bioenergy's expected surplus output based on its maximum designated production capacity and internal consumption; and (iii) the Company's adoption of a conservative projected unit price based on the declining historical prices of 1.3 MPa steam and the stable cost characteristics of a by-product steam, we are of the view that the determination of the proposed Annual Caps for the approximately three years ending 31 December 2028 under the Steam Purchase Agreement is fair and reasonable.

3.2.2 Liquefied Petroleum Gas Purchase Agreement

The determination of the proposed Annual Caps in respect of the purchase of liquefied petroleum gas is based on the projected purchase amount and monthly average unit price of liquefied petroleum gas for the three years ending 31 December 2028. As advised by the Company, the production facilities of the Group have been operating in full capacity since 2024 as discussed above such that the required level of liquefied petroleum gas is anticipated to be relatively stable for the following years. We noted that the projected purchase amount of liquefied petroleum gas is consistent with the historical annual consumption for the year ended 31 December 2024 and the 10 months ended 31 October 2025 on an annualised basis. We further noted that the estimated purchase quantity of liquefied petroleum gas from Blue Whale Bioenergy is within the demand as required for the maximum designed capacity of the Group's production facilities.

As regards the projected purchase price of liquefied petroleum gas, the Company has primarily made reference to the Propane/Butane Mixture VAT-inclusive Price as quoted as "CP Price" by 卓創資訊 (http://prices.sci99.com). In this respect, we have reviewed and compared the projected price of liquefied petroleum gas against the monthly average CP Price published from 卓創資訊 in October 2025 and noted the projected unit price represents a premium of about 26% over the latest monthly average CP Price. As our further assessment, we have reviewed the historical monthly average CP Price for the period from January 2023 to October 2025 and noted that the monthly average CP Price has been fluctuating within a range of approximately RMB2,609 per tonne to RMB5,301 per tonne, with an average of approximately RMB4,046 per tonne during the period, and recorded at RMB3,204 per tonne in October 2025. Notwithstanding the significantly wide range of the monthly average CP Prices in the previous years, we note that the CP Prices have been on a continuous declining trend from the beginning of 2025 after peaking at around late 2024, we therefore consider the estimated unit price of liquefied petroleum gas for the three years ending 31 December 2028 under the Liquified Petroleum Gas Agreement which approximates to the overall average of historical monthly average CP Price over the past three years is fair and reasonable.

3.2.3 Fuel Gas Purchase Agreement

The determination of the proposed Annual Caps in respect of the purchase of fuel gas is based on the projected purchase amount and expected market price of fuel gas for the three years ending 31 December 2028. As advised by the Company, Blue Whale Bioenergy will supply the surplus fuel gas to the Company after meeting its own consumption needs. As observed from the production metrics provided by the Company, we noted that the estimated purchase quantity of fuel gas from Blue Whale Bioenergy is within the fuel gas demand based on the maximum designed capacity of the Group's production facilities. The Company

expects the surplus output of fuel gas from Blue Whale Bioenergy will remain stable in the next three years such that the projected purchase amount of fuel gas will accordingly be stable for the following years.

As regards the projected unit price of fuel gas for the three years ending 31 December 2028, pursuant to the pricing mechanism disclosed in the Letter from the Board, the purchase price of fuel gas which is the weighted average of those obtained by the Company from its independent suppliers (in the case where no independent third party suppliers are available, connected suppliers will be used as reference as the pricing policy as the pricing policy with such connected suppliers will be governed by a mechanism designed to ensure that the prices offered are no less favorable than those offered by the connected suppliers to their other independent third party customers) for the relevant product of comparable quality during the same month of supply. In this regard, we have enquired with the Company and understand that there has been historical transactions of the Group with one independent third party, being the only independent third party supplier of the Company in respect of purchase of fuel gas in 2025. We have reviewed and compared the projected price of fuel gas against the monthly purchase price of fuel gas in October 2025 and noted that, after taking into account the relevant tax rate, they are broadly comparable. As the Company expects the purchase amount will remain stable and the monthly unit price of fuel gas will trade within a reasonable price range in the next years, the proposed Annual Caps remain the same for the three years ending 31 December 2028.

As part of our independent assessment, we have reviewed the historical fuel gas purchase prices paid by the Group for the past three years. Based on the records provided to us, we noted that the historical monthly unit price of the fuel gas is relatively stable and that the projected unit price of fuel gas falls within this historical range and is close to the historical average level. Furthermore, we have reviewed publicly available pricing policies issued by the Jiaxing Municipal Development and Reform Commission in relation to natural gas pricing in the Jiaxing Port District and noted that natural gas suppliers within the port district are required to strictly follow government-prescribed or government-guided gate prices and terminal sales prices for natural gas, and are not permitted to exceed the regulated price bands. As such independent third party supplier is the sole authorised natural gas and fuel gas supplier within the port district and is therefore subject to such government price regulation, the fuel gas prices charged by such supplier constitute the officially recognised market benchmark in the district. In light of its dominant position in the Group's principal operating base in the Jiaxing Port area and its regulatory obligation to comply with government-issued price schedules, we consider its pricing to be representative of prevailing fuel gas market prices in the East China region.

Based on the above, after taking into account (i) the alignment of the projected unit price with the latest transaction price; (ii) the consistency of the projected price with the Group's historical procurement prices over the past three years, which is relatively stable; and (iii) the fact that the benchmark price is

derived from an officially regulated and regionally representative supplier, we are of the view that the determination of the proposed Annual Caps for the approximately three years ending 31 December 2028 under the Fuel Gas Purchase Agreement is fair and reasonable.

4. Internal control procedures and annual review

As disclosed in the Letter from the Board, the Company will, on a regular basis, obtain and compare the quotations or selling prices of the relevant chemical products from other independent third parties to ensure that the terms of the transactions contemplated under each of the New Naphtha Sale and Purchase Agreement, the Steam Purchase Agreement, the Liquefied Petroleum Gas Purchase Agreement and the Fuel Gas Purchase Agreement are no less favorable to the Group than those provided by/offered to independent third parties. The Board will also review on a regular basis the Group's internal control system and its effectiveness in this regard.

According to the requirements of the Listing Rules, the Company's external auditors shall provide a letter to the Board confirming, among others, that the transactions under each of the New Naphtha Sale and Purchase Agreement, the Steam Purchase Agreement, the Liquefied Petroleum Gas Purchase Agreement and the Fuel Gas Purchase Agreement are conducted in accordance with their terms and that the respective proposed annual caps not being exceeded and the independent non-executive Directors shall conduct an annual review on the pricing and the annual caps of the continuing connected transactions, details of which must be included in the Company's subsequent published annual reports and accounts. The Company shall publish an announcement if it knows or has reason to believe that the independent non-executive Directors and/or its auditors will not be able to confirm the terms of such transaction or the annual caps not being exceeded.

In view of the above and having also considered that the internal control procedures adopted by the Group are generally similar to those adopted by other listed companies in Hong Kong for monitoring continuing connected transactions, we are of the view that there are appropriate and adequate internal control procedures in place to govern the conduct of the agreements and to safeguard the interests of the Independent Shareholders as a whole.

RECOMMENDATIONS

Having considered the principal factors and reasons as discussed above, we are of the view that the entering into of the New Naphtha Sale and Purchase Agreement, the Steam Purchase Agreement, the Liquefied Petroleum Gas Purchase Agreement and the Fuel Gas Purchase Agreement are in the ordinary and usual course of business of the Group, and the terms of the aforesaid agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the aforesaid agreements are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the New

Naphtha Sale and Purchase Agreement, the Steam Purchase Agreement, the Liquefied Petroleum Gas Purchase Agreement, the Fuel Gas Purchase Agreement, and the respective transactions contemplated thereunder (including the proposed Annual Caps).

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Billy Tang
Managing Director

Mr. Billy Tang is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in the accounting and investment banking profession.

* *for identification purpose only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of each Director in the shares or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the "**Model Code**"), to be notified to the Company and the Stock Exchange were as follows:

(a) Long positions in the Shares

	Number of Shares				
Name of Directors	**Personal Interest**	**Family Interest**	**Corporate Interest**	**Total**	**Approximate % of issued share capital[3]**
Han Jianhong ("**Ms. Han**")	—	20,738,000[2]	536,936,000[1]	557,674,000	46.86%
Rao Huotao ("**Mr. Rao**")	659,000	—	—	—	0.06%
Chen Xian ("**Ms. Chen**")	3,500,000	—	—	—	0.29%

Notes:

(1) The 536,936,000 Shares were held by Sure Capital Holdings Limited ("**Sure Capital**"), the entire issued ordinary shares of which were owned as to 84.71% by Mr. Guan Jianzhong ("**Mr. Guan**") and 15.29% by Ms. Han, the spouse of Mr. Guan. By virtue of the SFO, Mr. Guan was deemed to be interested in the Shares held by Sure Capital, and Ms. Han was deemed to be interested in the Shares in which Mr. Guan was interested for the purposes of Divisions 2 and 3 of Part XV of the SFO.

(2) These Shares were held by Mr. Guan, the spouse of Ms. Han. As such, Ms. Han is deemed to be interested in those Shares held by Mr. Guan for the purposes of Divisions 2 and 3 of Part XV of the SFO.

(3) Based on 1,190,000,000 Shares in issue as at the Latest Practicable Date.

Interest in shares of associated corporation of the Company

Name of the directors	Name of associated corporation	Capacity/ Nature of interest	Long/Short position	Number of shares held	Approximate % of issued share capital
Mr. Guan	Sure Capital	Beneficial owner	Long position	8,473	84.71%
Ms. Han	Sure Capital	Beneficial owner	Long position	1,529	15.29%

Save as disclosed above, none of the Directors and the chief executive of the Company was interested or had any short position in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, as at the Latest Practicable Date.

Substantial shareholders' interests and short positions in the shares and underlying shares of the company

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company), who have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company in accordance with the provision of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, are as follows:

Name of the substantial shareholders	Capacity/ Nature of interest	Long/Short position	Number of shares held	Approximate % of issued share capital
Sure Capital	Beneficial owner	Long position	536,936,000 *(Note 1)*	45.12%

Note:

1. The entire issued ordinary shares of Sure Capital were owned as to approximately 84.71% by Mr. Guan and approximately 15.29% by Ms. Han, the spouse of Mr. Guan. By virtue of the SFO, Mr. Guan was deemed to be interested in the Shares held by Sure Capital and Ms. Han was deemed to be interested in the Shares in which Mr. Guan was interested for the purposes of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, no other interest or short position in the shares and underlying shares of the Company were recorded in the register required to be kept under section 336 of the SFO as at the Latest Practicable Date.

Save as disclosed above, at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) to be entered in the register required to be kept under section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

At the Latest Practicable Date, save for the following arrangements, there was no contract or arrangement subsisting in which any of the Directors was materially interested and which was significant in relation to the business of the Group:

(1) the transportation agreement dated 27 July 2023 entered into between Sanjiang Chemical and 浙江高宇海運有限公司 (Zhejiang Gaoyu Shipping Co., Ltd.*) ("**Gaoyu Shipping**") as disclosed in the announcement of the Company dated 27 July 2023;

(2) the Sanjiang Chemical Toluene Sales Agreement dated 27 July 2023 entered into between Sanjiang Chemical and 浙江嘉福新材料科技有限公司 (Zhejiang Jiafu New Material Technology Co., Ltd.*) ("**Jiafu New Material**") as disclosed in the Company's announcement dated 27 July 2023;

(3) the Pipeline Network Usage Agreement dated 27 July 2023 entered into between Sanjiang Chemical and 浙江乍浦美福碼頭倉儲有限公司 (Zhejiang Zhapu Mei Fu Port & Storage Co. Ltd*) ("**Mei Fu Port**") as disclosed in the announcement of the Company dated 27 July 2023;

(4) the short term steam supply agreement dated 25 December 2023 entered into between Jiahua Energy Chemical Co. and the Company as disclosed in the announcement of the Company dated 25 December 2023;

(5) the short term fatty alcohol supply agreement dated 25 December 2023 entered into between Jiahua Energy Chemical Co. and the Company as disclosed in the announcement of the Company dated 25 December 2023;

(6) the short term storage and loading services agreement dated 25 December 2023 entered into between Jiahua Energy Chemical Co. and the Company as disclosed in the announcement of the Company dated 25 December 2023;

(7) the short term ethylene supply agreement dated 25 December 2023 entered into between Jiahua Energy Chemical Co. and the Company as disclosed in the announcement of the Company dated 25 December 2023;

(8) the short term toluene supply agreement dated 25 December 2023 entered into between Jiahua Energy Chemical Co. and the Company as disclosed in the announcement of the Company dated 25 December 2023;

(9) the short term gas supply agreement dated 25 December 2023 entered into between Jiahua Energy Chemical Co. and the Company as disclosed in the announcement of the Company dated 25 December 2023;

(10) the long term steam supply framework agreement dated 25 December 2023 entered into between Jiahua Energy Chemical Co. and the Company as disclosed in the announcement of the Company dated 25 December 2023 and the circular of the Company dated 22 January 2024;

(11) the long term fatty alcohol supply framework agreement dated 25 December 2023 entered into between Jiahua Energy Chemical Co. and the Company as disclosed in the announcement of the Company dated 25 December 2023 and the circular of the Company dated 22 January 2024;

(12) the long term storage and loading services framework agreement dated 25 December 2023 entered into between Jiahua Energy Chemical Co. and the Company as disclosed in the announcement of the Company dated 25 December 2023 and the circular of the Company dated 22 January 2024;

(13) the long term ethylene supply framework agreement dated 25 December 2023 entered into between Jiahua Energy Chemical Co. and the Company as disclosed in the announcement of the Company dated 25 December 2023 and the circular of the Company dated 22 January 2024;

(14) the long term toluene supply framework agreement dated 25 December 2023 entered into between Jiahua Energy Chemical Co. and the Company as disclosed in the announcement of the Company dated 25 December 2023 and the circular of the Company dated 22 January 2024;

(15) the long term gas supply framework agreement dated 25 December 2023 entered into between Jiahua Energy Chemical Co. and the Company as disclosed in the announcement of the Company dated 25 December 2023 and the circular of the Company dated 22 January 2024;

(16) the framework agreement dated 29 December 2023 entered into between the Company and 嘉興杭州灣石油化工物流有限公司 (Jiaxing Hangzhou Bay Petrochemical Logistics Co., Ltd.*) as disclosed in the announcement of the Company dated 29 December 2023;

(17) the energy management framework agreement dated 29 December 2023 entered into between Jiahua Energy Chemical Co. and the Company as disclosed in the announcement of the Company dated 29 December 2023;

(18) the Sanjiang Chemical ethylene storage and transportation services agreement dated 29 December 2023 entered into between Jiahua Energy Chemical Co. and the Company as disclosed in the announcement of the Company dated 29 December 2023;

(19) the condensate water and miscellaneous materials purchase agreement dated 29 December 2023 entered into between Jiahua Energy Chemical Co. and the Company as disclosed in the announcement of the Company dated 29 December 2023;

(20) the desalinated water and miscellaneous materials supply agreements dated 29 December 2023 entered into between Jiahua Energy Chemical Co. and the Company as disclosed in the announcement of the Company dated 29 December 2023;

(21) the framework agreement for the provision of pipeline network usage service dated 29 December 2023 entered into between Jiahua Energy Chemical Co. and the Company as disclosed in the announcement of the Company dated 29 December 2023;

(22) the (i) asset transfer agreement and (ii) asset buy-back agreement both dated 30 August 2024 entered into between Sanjiang Chemical and 浙江美福石油化工有限責任公司 (Zhejiang Mei Fu Petrochemical Co., Ltd*) ("**Mei Fu Petrochemical**") as disclosed in the announcement of the Company dated 30 August 2024;

(23) the (i) crude hydrogen supply agreement, (ii) MTBE processing agreement, (iii) storage tank lease agreement and (iv) loading and unloading service agreement all dated 30 August 2024 entered into between Sanjiang Chemical and Mei Fu Petrochemical;

(24) the supply agreement dated 30 December 2024 entered into between the Company and 嘉興興港熱網有限公司 (Jiaxing Xinggang Rewang Co., Ltd.*) as disclosed in the announcement of the Company dated 30 December 2024;

(25) the framework agreement dated 30 December 2024 entered into between the Company and 嘉興杭州灣石油化工物流有限公司 (Jiaxing Hangzhou Bay Petrochemical Logistics Co., Ltd.*) as disclosed in the Company's announcement dated 30 December 2024;

(26) the framework agreement dated 30 December 2024 entered into between the Company and Jiahua Energy Chemical Co. as disclosed in the Company's announcement dated 30 December 2024;

(27) the Sanjiang Chemical ethylene storage, transportation services and miscellaneous materials purchase agreement dated 30 December 2024 entered into between the Company and Jiahua Energy Chemical Co. as disclosed in the Company's announcement dated 30 December 2024;

(28) the condensate water and miscellaneous materials purchase agreements dated 30 December 2024 entered into between the Company and Jiahua Energy Chemical Co. as disclosed in the Company's announcement dated 30 December 2024;

(29) the desalinated water and miscellaneous materials supply agreements dated 30 December 2024 entered into between the Company and Jiahua Energy Chemical Co. as disclosed in the Company's announcement dated 30 December 2024;

(30) the management agreement dated 23 January 2025 entered into between Capital International Limited and the Company as disclosed in the Company's announcement dated 23 January 2025; and

(31) the energy management agreement dated 1 August 2025 entered into between Sanjiang Chemical and Zhejiang Haoxing Energy Conservation Technology Co., Ltd as disclosed in the Company's announcement dated 1 August 2025.

Save as disclosed above, since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up), none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

3. DIRECTORS' SERVICE CONTRACTS

At the Latest Practicable Date, none of the Directors had entered or proposed to enter into, with any member of the Group, a service contract which is not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited financial statements of the Group were made up.

5. COMPETING BUSINESS INTERESTS OF DIRECTORS

None of the Directors or their respective close associates had any interest in the business, which competed or was likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them were a controlling shareholder).

6. CONSENT OF EXPERT

Lego Corporate Finance Limited has given and has not withdrawn its written consent to the inclusion of its report in this circular with references to their name in form and context in which it appears.

7. QUALIFICATION OF EXPERT

The following is the qualification of the expert who has given opinion or advice, contained in this circular:

Name	Qualifications
Lego Corporate Finance Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Lego Corporate Finance Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of their letters and references to their names, in the form and context in which they are included. The letter from Lego Corporate Finance Limited was given as of the date of this circular for incorporation in this circular.

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any holding, directly or indirectly, of any securities in any member of the Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities of any member of the Group.

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any direct or indirect interests in any assets which since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up) have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Stock Exchange website (http://www.hkexnews.hk) and the Company's website (http://www.chinasanjiangfinechemicals.com) up to and including the date which is 14 days from the date of this circular:

(a) each of the Non-Exempt CCT Agreements;

(b) the letter from the Independent Board Committee, the text of which is set out in this circular;

(c) the letter from Lego Corporate Finance Limited, the text of which is set out in this circular;

(d) the written consent from Lego Corporate Finance Limited referred to in the section headed "CONSENT OF EXPERT" in this Appendix I; and

(e) this circular.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "**EGM**") of China Sanjiang Fine Chemicals Company Limited (the "**Company**") will be held on Thursday, 15 January 2026, 12:00 p.m. at 5/F, United Centre, 95 Queensway, Admiralty, Hong Kong for the purpose of considering and, if thought fit, approving the following resolutions as ordinary resolutions of the Company. Unless otherwise indicated, capitalised terms used in this notice and the following resolution shall have the same meanings as those defined in the circular of the Company dated 18 December 2025.

The following resolutions will be considered and, if thought fit, approved by the Shareholders, with or without amendments, at the EGM:

ORDINARY RESOLUTIONS

1. "**THAT**:

   (a) the naphtha sale and purchase agreement (the "**Naphtha Sales and Purchase Agreement**") dated 21 November 2025 entered into between 浙江美福石油化工有限責任公司 (Zhejiang Mei Fu Petrochemical Co., Ltd*) ("**Mei Fu Petrochemical**") and the Company for the sale and purchase of naphtha and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

   (b) the proposed annual caps for the three years ending 31 December 2028 in relation to the transactions contemplated under the Naphtha Sales and Purchase Agreement be and are hereby approved, confirmed and ratified; and

   (c) the directors of the Company be and are hereby authorised to take such actions and execute such documents as they may consider appropriate and expedient to carry out or give effect to or otherwise in connection with or in relation to the Naphtha Sales and Purchase Agreement and the transaction contemplated thereunder."

2. "**THAT**:

   (a) the steam purchase agreement (the "**Steam Purchase Agreement**") dated 21 November 2025 entered into between 藍鯨生物能源(浙江)有限公司 (Blue Whale Bioenergy (Zhejiang) Co., Ltd.*) ("**Blue Whale Bioenergy**") and 三江化工有限公司 (Sanjiang Chemical Co. Ltd.*) ("**Sanjiang Chemical**") for the purchase of low pressure steam and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

   (b) the proposed annual caps for the three years ending 31 December 2028 in relation to the transactions contemplated under the Steam Purchase Agreement be and are hereby approved, confirmed and ratified; and

   (c) the directors of the Company be and are hereby authorised to take such actions and execute such documents as they may consider appropriate and expedient to carry out or give effect to or otherwise in connection with or in relation to the Steam Purchase Agreement and the transaction contemplated thereunder."

3. "**THAT**:

   (a) the liquefied petroleum gas purchase agreement (the "**Liquefied Petroleum Gas Purchase Agreement**") dated 21 November 2025 entered into between Blue Whale Bioenergy and Sanjiang Chemical for the purchase of liquefied petroleum gas and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

   (b) the proposed annual caps for the three years ending 31 December 2028 in relation to the transactions contemplated under the Liquefied Petroleum Gas Purchase Agreement be and are hereby approved, confirmed and ratified; and

   (c) the directors of the Company be and are hereby authorised to take such actions and execute such documents as they may consider appropriate and expedient to carry out or give effect to or otherwise in connection with or in relation to the Liquefied Petroleum Gas Purchase Agreement and the transaction contemplated thereunder."

4. "**THAT**:

   (a) the fuel gas purchase agreement (the "**Fuel Gas Purchase Agreement**") dated 21 November 2025 entered into between Blue Whale Bioenergy and Sanjiang Chemical for the purchase of fuel gas and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

   (b) the proposed annual caps for the three years ending 31 December 2028 in relation to the transactions contemplated under the Fuel Gas Purchase Agreement be and are hereby approved, confirmed and ratified; and

(c) the directors of the Company be and are hereby authorised to take such actions and execute such documents as they may consider appropriate and expedient to carry out or give effect to or otherwise in connection with or in relation to the Fuel Gas Purchase Agreement and the transaction contemplated thereunder."

By Order of the Board
China Sanjiang Fine Chemicals Company Limited
Han Jianhong
Chairlady and executive Director

Hong Kong, 18 December 2025

Head Office and Principal place of business in Hong Kong:
5/F., United Centre
Admiralty
Hong Kong

Notes:

1. A shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the meeting. A proxy need not be a member of the Company but must be present in person to represent him.

2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 48 hours before the time of the meeting or any adjournment thereof.

3. Completion and return of the form of proxy will not preclude a shareholder from attending and voting in person at the meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

4. In the case of joint registered holders of a share in the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto or if more than one of such joint holders are present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

5. For the purpose of determining entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 12 January 2026 to Thursday, 15 January 2026, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the EGM. In order to qualify for the right to attend and vote at the forthcoming EGM, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 9 January 2026.

6. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 8:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will publish an announcement on the website of the Company at (http://www.chinasanjiangfinechemicals.com) and on the HKExnews website of the Stock Exchange at (www.hkexnews.hk) to notify Shareholders of the date, time and venue of the rescheduled meeting.

7. At the EGM (or at any adjournment thereof), the chairman of the meeting put the above resolution to the vote by way of poll pursuant to the Listing Rules. The poll results will be published on the website of the Company and the website of the Stock Exchange in accordance with the Listing Rules.

8. In case of inconsistency between the English and Chinese version of this notice of EGM, the English version shall prevail.

As at the date of this notice, 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.