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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 TRANSACTION — NAPHTHA TRANSPORTATION SERVICES

CONTINUING CONNECTED TRANSACTION

The Directors announce that, on 29 December 2025, Sanjiang Chemical entered into the Transportation Agreement with Gaoyu Shipping to regulate the supplier and customer relationship of the transactions under the Transportation Agreement.

IMPLICATIONS OF THE LISTING RULES

As the relevant applicable percentage ratios in respect of the Annual Caps are more than 0.1% but less than 5%, the Transportation Agreement and the Annual Caps are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

TRANSPORTATION AGREEMENT

The Directors announce that, on 29 December 2025, Sanjiang Chemical entered into the Transportation Agreement with Gaoyu Shipping to regulate the supplier and customer relationship of the transactions under the Transportation Agreement.

Date: 29 December 2025

Parties: (1) Gaoyu Shipping, a Connected Person; and

(2) Sanjiang Chemical.

Subject matter

Gaoyu Shipping has agreed to provide naphtha transportation services for Sanjiang Chemical.

Term

The Transportation Agreement shall become effective from 1 January 2026 and has an term ending on 31 December 2028 which may be renewable upon further agreement by the parties (subject to compliance with the Listing Rules).

The Company will comply with the relevant Listing Rules requirements when the term of the Transportation Agreement is renewed.

Pricing principles

The terms of the Transportation Agreement shall be negotiated on an arm's length basis and shall be fair and reasonable. The consideration for the Services shall be calculated by multiplying the tonnage of goods to be transported at a unit rate determined with reference to the prevailing market rate by comparing quotations from other independent service providers for the naphtha transportation service for the same itinerary and analysing such market information and after arm's length negotiation between Gaoyu Shipping and Sanjiang Chemical. Pursuant to the Transportation Agreement, Gaoyu Shipping has responsibilities to ensure its vessels arriving the specific ports as per agreed schedules while Sanjiang Chemical has responsibilities to prepare for timely loading and unloading of naphtha at the specific ports as per agreed schedules. If either party fails, causing delays, they are liable to compensate the other 30% of the total freight cost. The Company will settle the payment for the Services through its internal resources.

Currently, the Group has also used other independent third parties service provider for the transportation of naphtha and entering into the Transportation Agreement will enable Sanjiang Chemical to open up more options in terms of the procurement of naphtha transportation services. In order to ensure that the unit rate per ton offered by Gaoyu Shipping is no less favourable than the prevailing market rate, the Company would compare quotations from the other independent service providers for the naphtha transportation service for the same itinerary, analyse such market information, and the unit rate for the naphtha transportation service is agreed after arm's length negotiation with Gaoyu Shipping. Accordingly, the Board considers that the methods and procedures

can ensure that the engagement of the naphtha transportation services will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders as a whole.

Historical transaction amounts and proposed annual caps

Set out below are the historical figures and proposed annual caps for naphtha transportation service:

	For the year ended 31 December		For the period from 1 January 2025 to 30 November
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Historical transaction amounts with independent third parties	7,243	13,920	20,834

	For the year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Historical Annual caps	16,800	31,200	31,200

	For the year ending 31 December		
	2026	**2027**	**2028**
	RMB'000	*RMB'000*	*RMB'000*
Proposed annual caps	66,000	66,000	66,000

The proposed annual caps are estimated based on:

(1) the expected amounts of naphtha transportation services required by Sanjiang Chemical from Gaoyu Shipping for the three years ending 31 December 2028;

(2) the estimated market rate for naphtha transportation services for each of the three years ending 31 December 2028.

Such projection is assumed solely for determining the Annual Caps 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) Transportation Agreement; (ii) agreements entered into between Sanjiang Chemical and independent third parties for the provision of the naphtha transportation services; and (iii) fee quotations provided by independent third parties for the provision of the naphtha transportation services for review and comparison purpose. 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 Transportation Agreement are conducted on normal commercial terms. The auditor of the Group will review and confirm the transactions contemplated under the Transportation Agreement are conducted in accordance with the terms of the Transportation Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Gaoyu Shipping is one of the vessel transportation service providers specialized in naphtha transportation and entering into the Transportation Agreement allows the Sanjiang Chemical to have one more option of procurement source in terms of the procurement of naphtha transportation services.

Since each of Ms. Han and Ms. Guan has a material interest in the Transportation Agreement, they therefore abstained from voting on board resolutions of the Company approving the Transportation Agreement. Ms. Guan is an executive Director and the daughter of Mr. Guan and Ms. Han. As such, Ms. Han and Ms. Guan were interested in the Transportation Agreement. Save as disclosed above, none of directors were required to abstain from voting on the board resolutions of the Company in respect thereof.

The Directors (including the independent non-executive Directors, but excluding Ms. Han and Ms. Guan who are required to abstain from voting) are of the view that the terms of the Transportation Agreement, which were arrived at after arm's length negotiations between the Sanjiang Chemical and Gaoyu Shipping, are fair and reasonable and are on normal commercial terms, in the ordinary and usual course of business of the Group and are in the interests of the Company and its shareholders as a whole.

INFORMATION ON 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.

CONNECTED PERSON

As at the date of this announcement, Gaoyu Shipping is owned as to 40% by Jiahua; 35% by 宋正剛 (Song Zhenggang*); 10% by 沈永樵 (Shen Yongqiao*); 10% by 王強 (Wang Qiang*) and 5% by 劉現亮 (Liu Xianliang*). As Gaoyu Shipping is owned as to 40% by Jiahua, which is ultimately controlled by Mr. Guan and Ms. Han and Ms. Han is an executive Director and Mr. Guan is the controlling Shareholder of the Company, Gaoyu Shipping is therefore an associate of Mr. Guan and Ms. Han and is thus a connected person of the Company. Accordingly, the transactions contemplated under the Transportation Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

As the relevant applicable percentage ratios in respect of the Annual Caps are more than 0.1% but less than 5%, the Transportation Agreement and the Annual Caps are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

"Annual Caps"	the maximum aggregate annual value of naphtha transportation services to be provided by Gaoyu Shipping under the Transportation Agreement
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Company"	China Sanjiang Fine Chemicals Company Limited, 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

"Gaoyu Shipping"	浙江高宇海運有限公司 (Zhejiang Gaoyu Shipping Co., Ltd.*), is a company established in the PRC with limited liability, and a company which is owned as to 40% by Jiahua; 35% by 宋正剛 (Song Zhenggang*); 10% by 沈永樵 (Shen Yongqiao*); 10% by 王強 (Wang Qiang*) and 5% by 劉現亮 (Liu Xianliang*)
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Jiahua"	浙江嘉化集團股份有限公司 (Zhejiang Jiahua Group Co., Ltd.*), a joint stock company established in the PRC with limited liability on 15 March 2000 and a company which is ultimately controlled by Mr. Guan and Ms. Han
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Guan"	Mr. Guan Jianzhong, the controlling shareholder of the Company and the spouse of Ms. Han
"Ms. Guan"	Ms. Guan Siyi, an executive Director and daughter of Mr. Guan and Ms. Han
"Ms. Han"	Ms. Han Jianhong, an executive Director and the spouse of Mr. Guan
"PRC"	the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC 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 subsiding of the Company
"Services"	Transportation of naphtha as contemplated under the Transportation Agreement
"Shareholders"	shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Transportation Agreement"	the transportation agreement entered into between Sanjiang Chemical and Gaoyu Shipping dated 29 December 2025

"%"	per cent.

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

The PRC, 29 December 2025

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

In this announcement, if there is any discrepancy 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.*