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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 — AMMONIUM HYDROXIDE PURCHASE AGREEMENT

CONTINUING CONNECTED TRANSACTION

Ammonium Hydroxide Purchase Agreement

On 29 December 2025, the Company (including its subsidiaries) entered into a Condensate Water and Miscellaneous Materials Purchase Agreement with Jiahua Energy Chemical Co. (including its subsidiaries) to regulate the supplier and customer relationships. Pursuant to the Ammonium Hydroxide Purchase Agreement, the Company (including its subsidiaries) have each agreed to supply Ammonium Hydroxide to Jiahua Energy Chemical Co. (including its subsidiaries) for the period from 1 January 2026 to 31 December 2026.

LISTING RULES IMPLICATION

As the relevant applicable ratios in respect of the Annual Caps are more than 0.1% but less than 5%, the Ammonium Hydroxide Purchase Agreement and the transactions contemplated thereunder are therefore subject to reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

AMMONIUM HYDROXIDE PURCHASE AGREEMENT

Date

29 December 2025

Parties

(1) the Company (including its subsidiaries); and

(2) Jiahua Energy Chemical Co. (including its subsidiaries), a connected person of the Company

Subject matter

Pursuant to the Ammonium Hydroxide Purchase Agreement, the Company (including its subsidiaries) has agreed to supply Ammonium Hydroxide to Jiahua Energy Chemical Co. (including its subsidiaries) for the period from 1 January 2026 to 31 December 2026.

Term

The Ammonium Hydroxide Purchase Agreement shall become effective for the period from 1 January 2026 to 31 December 2026 which may be renewable upon further agreement by the parties (subject to compliance with the Listing Rules).

Consideration

Pursuant to the Ammonium Hydroxide Purchase Agreement, the purchase price for Ammonium Hydroxide shall be at a price which is the weighted average of those obtained by Jiahua Energy Chemical Co. (including its subsidiaries) from its independent suppliers for the relevant product of comparable quality during the same month of supply. The relevant purchase price shall be tallied on the end of each calendar month, and shall be payable on or before the end of the following months.

In order to ensure that the purchase price per tonne is no less favourable than those offered by other independent Ammonium Hydroxide purchasers, the Group would compare quotations given to other independent Ammonium Hydroxide purchasers after taking into account the additional transportation costs that may be incurred and analyse such market information, and the unit purchase price for Ammonium Hydroxide will be agreed after arm's length negotiation with Jiahua Energy Chemical Co. (including its subsidiaries). Accordingly, the Board considers that such methods and procedures can ensure that the supply of Ammonium Hydroxide will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders as a whole.

The Company will comply with the relevant Listing Rules requirements when the respective terms of the Ammonium Hydroxide Purchase Agreement are renewed.

Historical transactions figures and proposed annual caps

	For the year ended 31 December		For the period from 1 January 2025 to 30 November 2025 (i.e. the latest available of management accounts)
	2023	2024	
	RMB'000	*RMB'000*	*RMB'000*
Actual transaction amount	—	—	1,636**

	For the year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Historical annual caps	—	—	—

** This transaction constitutes a connected transaction under Chapter 14A of the Listing Rules. As all applicable percentage ratios (as defined under Rule 14.07) are less than 5% and the total consideration is expected to be less than HK$3,000,000, the transaction constitutes a fully exempt connected transaction pursuant to Rule 14A.76(2) and is therefore exempt from all reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on:

(1) the expected amount of purchases to be made by Jiahua Energy Chemical Co. (including its subsidiaries) from the Company (including its subsidiaries) for Ammonium Hydroxide for the period from 1 January 2026 to 31 December 2026; and

(2) the estimated market price of Ammonium Hydroxide for the period from 1 January 2026 to 31 December 2026,

it is expected that the estimated annual caps for the period from 1 January 2026 to 31 December 2026 will be as follows:

	For the year ending 31 December 2026 *RMB'000*
Annual caps	4,000

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) Ammonium Hydroxide Purchase Agreement; (ii) agreements entered into between Jiahua Energy Chemical Co. (including its subsidiaries) and independent third parties purchasers for the purchase of Ammonium Hydroxide; and (iii) fee quotations provided by independent third parties purchasers for the purchase of Ammonium Hydroxide 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 Ammonium Hydroxide Purchase Agreement are conducted on normal commercial terms. The auditor of the Company will review and confirm the transactions contemplated under the Ammonium Hydroxide Purchase Agreement are conducted in accordance with the terms of the Ammonium Hydroxide Purchase Agreement.

REASONS FOR 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.

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

Reasons for entering into the Ammonium Hydroxide Purchase Agreement

Ammonium Hydroxide is a by-product and is generated during the process of productions. Given Jiahua Energy Chemical Co. (including its subsidiaries) is the same economic development zone where the Company (including its subsidiaries) is located, it is on an non-exclusive basis that opens up a new option for the Company (including its subsidiaries) to sell Ammonium Hydroxide. As the production base of the Group is situated close to that of Jiahua Energy Chemical Co. (including its subsidiaries), the transportation costs of Ammonium Hydroxide to Jiahua Energy Chemical Co. (including its subsidiaries) from the Group can be reduced. In view of foregoing reasons, the Group entered into the Ammonium Hydroxide Purchase Agreement with Jiahua Energy Chemical Co. (including its subsidiaries).

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of Ammonium Hydroxide Purchase Agreement are fair and reasonable and on normal commercial terms and in the ordinary and usual course of business of the Group and that the entering into Ammonium Hydroxide Purchase Agreement is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATION

Jiahua Energy Chemical Co. is owned as to approximately 37.99% by Jiahua, which is ultimately controlled by Mr. Guan and Ms. Han. As Ms. Han is an executive Director and Mr. Guan is a controlling Shareholder of the Company, Jiahua Energy Chemical Co. is therefore associates of Mr. Guan and Ms. Han and is thus connected person of the Company and the transactions contemplated under each of the aforesaid agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

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

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

DEFINITIONS

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

"Ammonium Hydroxide Purchase Agreement"	the Ammonium Hydroxide purchase agreement entered into between the Company (including its subsidiaries) and Jiahua Energy Chemical Co. (including its subsidiaries) dated 29 December 2025;
"Annual Caps"	the maximum aggregate value of payments under Ammonium Hydroxide Purchase Agreement;
"associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Board"	board of Directors of the Company;
"Company"	China Sanjiang Fine Chemicals Company Limited (中國三江精細化工有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;

"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"Director(s)"	the director(s) of the Company;
"EG"	ethylene glycol;
"EO"	ethylene oxide;
"Group"	the Company and its subsidiaries, from time to time;
"HKD"	Hong Kong Dollars, the lawful currency of Hong Kong;
"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;
"Jiahua Energy Chemical Co."	浙江嘉化能源化工股份有限公司 (Zhejiang Jiahua Energy Chemical Co. Ltd.*) (formerly known as 浙江嘉化工業園投資發展有限公司 (Zhejiang Jiahua Industrial Park Investment and Development Co., Ltd.*)), a company established in the PRC with limited liability on 20 January 2001 and a non-wholly owned subsidiaries of Jiahua and currently listed on the Shanghai Stock Exchange (stock code: 600273);
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Macau"	the Macau Special Administrative Region of the PRC;
"Mr. Guan"	Mr. Guan Jianzhong, a controlling Shareholder of the Company, and the spouse of Ms. Han and the father of Ms. Guan;
"Ms. Guan"	Ms. Guan Siyi and 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;
"MT"	metric tonne(s);
"PRC"	the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan;

"RMB"	Renminbi, the lawful currency of the PRC;
"Shareholder(s)"	shareholders of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.

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 inconsistency between the Chinese names of individuals and the entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of names or any descriptions in Chinese which are marked with "" is for identification purpose only.*