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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 —
ENERGY MANAGEMENT AGREEMENT WITH
JIFENG CORNERSTONE**

CONTINUING CONNECTED TRANSACTION

The Directors announce that, on 4 September 2026, after trading hours, Sanjiang Chemical, an indirect wholly-owned subsidiary of the Company, entered into the Energy Management Agreement with Jifeng Cornerstone, a connected person of the Company, in respect of the Energy Storage Facility. Pursuant to the Energy Management Agreement, Jifeng Cornerstone has agreed to invest in, construct, own, operate and maintain the Energy Storage Facility, while Sanjiang Chemical has agreed to provide the facility site and grid connection and pay Jifeng Cornerstone its agreed share of the Energy Saving Benefits. The Energy Management Agreement with Jifeng Cornerstone will commence on the date of this announcement and the Annual Caps are RMB8.0 million for each of the three years ending 31 December 2026, 2027 and 2028.

CHANGE IN CONNECTED STATUS AND HISTORICAL TRANSACTIONS

Before 3 April 2026, Jifeng Cornerstone was an Independent Third Party and the transactions between the Group and Jifeng Cornerstone were not considered as connected transactions. The transactions of Sanjiang Chemical with Jifeng Cornerstone before 3 April 2026 did not constitute discloseable transactions of the Company as one or more of the applicable ratios were less than 5%. Following a change in the shareholding structure of Jifeng Cornerstone on 3 April 2026, Jifeng Cornerstone became an associate of Mr. Guan, the controlling Shareholder, and therefore a connected person of the Company. The historical transaction amounts between Sanjiang Chemical and Jifeng Cornerstone for the period from 1 January to 31 December 2025 was approximately RMB0.6 million and the period from 1 January to 31 March 2026 was approximately RMB2.0 million, which are disclosed for reference only, while the historical transaction amount between Sanjiang Chemical and Jifeng Cornerstone for the period from 1 April to 31 July 2026 was approximately RMB2.3 million.

The transactions conducted after Jifeng Cornerstone became a connected person and before the Energy Management Agreement was entered into were conducted in the ordinary and usual course of business of the Group and on normal commercial terms or better. After Jifeng Cornerstone became a connected person on 3 April 2026 the Group estimated that the transaction amounts would not exceed RMB3.0 million on an annual basis taking into account of the historical transaction amounts. Given that all applicable percentage ratios were below 5%, those transactions were fully exempt under Rule 14A.76(1)(c) of the Listing Rules. In anticipation that further transactions may cause the relevant de minimis threshold to be exceeded, the parties entered into the Energy Management Agreement with the Annual Caps.

LISTING RULES IMPLICATIONS

As Jifeng Cornerstone is a connected person of the Company, the transactions contemplated under the Energy Management Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Annual Caps are more than 0.1% but all are less than 5%, the transactions are subject to the reporting, announcement and annual review requirements but are exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

ENERGY MANAGEMENT AGREEMENT

The Directors announce that, on 4 September 2026, after trading hours, Sanjiang Chemical, an indirect wholly-owned subsidiary of the Company, entered into the Energy Management Agreement with Jifeng Cornerstone to regulate the ongoing energy management arrangements in respect of the Energy Storage Facility.

Date

4 September 2026

Parties

- (1) Sanjiang Chemical, an indirect wholly-owned subsidiary of the Company; and
- (2) Jifeng Cornerstone, a connected person of the Company.

Subject matter and term

The Energy Management Agreement shall become effective from the date of this announcement 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 Annual Caps under the Energy Management Agreement are RMB8.0 million for each of the three years ending 31 December 2026, 2027 and 2028.

Pursuant to the Energy Management Agreement, Jifeng Cornerstone has agreed to invest in, design, construct, install, commission, own, operate and maintain an energy-storage power station with an indicative scale of 14.5MW/29MWh at the designated area within Sanjiang Chemical's production site while Sanjiang Chemical has agreed to provide the project site that meets the agreed technical requirements and access to the grid power supply required for charging the energy-storage system, and to cooperate with Jifeng Cornerstone in connection with the construction, commissioning, operation, metering and maintenance of the Energy Storage Facility. Jifeng Cornerstone would also provide the technical support required for the operation and maintenance of the Energy Storage Facility during the term of the Energy Management Agreement.

Under the Energy Management Agreement, electricity is stored during off-peak and/or normal tariff periods and discharged during peak tariff periods by the Energy Storage Facility, which thereby generates savings from the difference between the applicable charging and discharging electricity tariffs. The parties will share the resulting benefits in accordance with the pricing principles set out below.

Pricing principles and payment terms

The Energy Storage Facility's energy-saving benefit (the "Energy Saving Benefit") under the Energy Management Agreement would be determined by reference to the actual metered charging and discharging volumes and the applicable peak, normal and off-peak electricity tariffs published or charged by the relevant power supplier, using the following formula:

Energy Saving Benefit = (discharged electricity volume x the applicable electricity tariff for the discharge period) – (charged electricity volume x the applicable electricity tariff for the charging period).

Under the Energy Management Agreement, Sanjiang Chemical is entitled to a profit-sharing percentage of 30% of the Energy Saving Benefit, while Jifeng Cornerstone is entitled to a profit-sharing percentage of 70% of the Energy Saving Benefit throughout the term. Furthermore, under the Energy Management Agreement, if the Energy Storage Facility is entitled to certain subsidies from electricity network entities, the actual receipts shall be shared on a 20% and 80% basis between Sanjiang Chemical and Jifeng Cornerstone, respectively, while if the Energy Storage Facility is entitled to certain subsidies from government entities, the actual receipts shall be shared on a 50% and 50% basis between Sanjiang Chemical and Jifeng Cornerstone, respectively.

Both parties will jointly verify the metered charging and discharging volumes on a monthly basis and issue an electricity fee notice as the basis for settlement. Sanjiang Chemical will pay the amount due to Jifeng Cornerstone within five business days after receipt of the relevant electricity fee notice.

The terms of the Energy Management Agreement were arrived at after arm's length negotiations between Sanjiang Chemical and Jifeng Cornerstone, taking into account the expected project utilisation, the investment, construction, operation and maintenance obligations undertaken by Jifeng Cornerstone, the anticipated electricity savings and the parties' agreed allocation of project risks and benefits.

CHANGE IN THE CONNECTED STATUS OF JIFENG CORNERSTONE

Jifeng Cornerstone has at all relevant times been wholly owned by Zhejiang Jifeng.

The shareholding structure of Zhejiang Jifeng before and from 3 April 2026 is set out below.

Shareholding structure before 3 April 2026

Before 3 April 2026, Zhejiang Jifeng was owned by the following individuals:

Shareholder of Zhejiang Jifeng	Equity interest
Ms. Xu Aijun (許愛君*)	75.00%
Mr. Yan Zhongbo (嚴中鉞*)	18.75%
Mr. Liu Xianghao (劉祥浩*)	<u>6.25%</u>
Total	<u><u>100.00%</u></u>

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Ms. Xu, Mr. Yan and Mr. Liu is an Independent Third Parties.

Accordingly, Jifeng Cornerstone was not a connected person of the Company before 3 April 2026, and the transactions between the Group and Jifeng Cornerstone before that date were not connected transactions under Chapter 14A of the Listing Rules. The transactions did not constitute discloseable transactions of the Company as one or more of the applicable ratios were less than 5%.

Shareholding structure from 3 April 2026

Following a change in the shareholding of Zhejiang Jifeng with effect from 3 April 2026, Zhejiang Jifeng has been owned by the following individuals:

Shareholder of Zhejiang Jifeng	Equity interest
Mr. Guan Jianzhong (管建忠*)	62.50%
Mr. Yan Zhongbo (嚴中鉞*)	18.75%
Mr. Zou Weizhong (鄒衛忠*)	12.50%
Mr. Liu Xianghao (劉祥浩*)	<u>6.25%</u>
Total	<u><u>100.00%</u></u>

Mr. Guan is the controlling Shareholder and the spouse of Ms. Han, the Chairlady of the Board and an executive Director. As Zhejiang Jifeng is controlled by Mr. Guan, Zhejiang Jifeng is an associate of Mr. Guan and a connected person of the Company. Jifeng Cornerstone, being a wholly-owned subsidiary of Zhejiang Jifeng, has therefore become an associate of Mr. Guan and a connected person of the Company under Chapter 14A of the Listing Rules with effect from 3 April 2026.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Mr. Yan, Mr. Zou and Mr. Liu is an Independent Third Party.

HISTORICAL TRANSACTION AMOUNTS

Before entering into the Energy Management Agreement, Sanjiang Chemical had conducted transactions of the same nature with Jifeng Cornerstone in connection with the Energy Storage Facility. The historical transaction amounts, based on the Group's management accounts are set out below:

Period	Historical transaction amount	Chapter 14A status
1 January to 31 December 2024	Nil	—
1 January to 31 December 2025	Approximately RMB0.6 million	Not a connected transaction

Period	Historical transaction amount	Chapter 14A status
1 January to 31 March 2026	Approximately RMB2.0 million	Not a connected transaction; disclosed for reference only
1 April to 31 July 2026	Approximately RMB2.3 million	Continuing connected transaction; fully exempt under Rule 14A.76(1)(c)

PROPOSED ANNUAL CAPS

The maximum aggregate amounts payable by Sanjiang Chemical to Jifeng Cornerstone under the Energy Management Agreement will not exceed the following Annual Caps:

Relevant period	Annual Cap
Year ending 31 December 2026	RMB8.0 million
Year ending 31 December 2027	RMB8.0 million
Year ending 31 December 2028	RMB8.0 million

The Annual Caps were determined after taking into account:

- (1) the historical transaction amounts for the period since 1 January 2024 and ending on 31 July 2026;
- (2) the expected charging and discharging volumes, the applicable peak, normal and off-peak electricity tariffs, the agreed sharing ratios and the anticipated utilisation and operating efficiency of the Energy Storage Facility; and
- (3) the Group's original expectation, based on its then available production plan and electricity consumption pattern, that the relevant transactions would remain within the de minimis exemption under Rule 14A.76(1)(c) of the Listing Rules. In particular, the Group generally operates at or near full capacity during the first quarter of each year, during which the utilisation of electricity during peak tariff periods, and therefore the potential Energy Saving Benefit generated by the Energy Storage Facility would be relatively higher. By contrast, the Group generally operates at less than full capacity during the second to fourth quarters of each year, and accordingly the expected charging and discharging volume of the Energy Storage Facility, the utilisation of electricity during peak tariff periods and the Energy Saving Benefit payable to Jifeng Cornerstone were originally expected to be lower during such period. On this basis, the Group originally expected that the aggregate transaction amount after Jifeng Cornerstone became a connected person would remain below RMB3.0 million. However, having regard to the actual historical transaction amounts up to 31 July 2026 and the expected transaction volume going

forward, the Group considered it appropriate to enter into the Energy Management Agreement and establish the Annual Caps so as to regulate the continuing transactions and comply with the applicable requirements under Chapter 14A of the Listing Rules.

The above estimates and projections are used solely for determining the Annual Caps and shall not be regarded as any indication, directly or indirectly, of the revenue, profitability or trading prospects of the Group.

INTERNAL CONTROL MEASURES

To ensure that the transactions contemplated under the Energy Management Agreement will be conducted in accordance with its terms and will not exceed the Annual Caps, the Group will implement the following measures:

- (1) the designated personnel of Sanjiang Chemical and Jifeng Cornerstone will jointly verify the charging and discharging meter readings each month and confirm the electricity fee notice used for settlement;
- (2) the finance department of Sanjiang Chemical will verify each proposed payment against the contractual formula, the confirmed meter readings, the applicable electricity tariffs and the relevant invoice before payment;
- (3) the finance and compliance functions of the Group will maintain a register of the cumulative transaction amounts and monitor the utilisation of each Annual Cap on a monthly basis, and no further transaction will be entered into if it would cause the relevant Annual Cap to be exceeded unless the Company has first complied with the applicable Listing Rules requirements; and
- (4) the independent non-executive Directors and the auditor of the Company will conduct the annual reviews required under Rules 14A.55 and 14A.56 of the Listing Rules.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Energy Storage Facility would allow Sanjiang Chemical to make use of the difference between peak and off-peak electricity tariffs and thereby reduce its overall electricity costs and improve the efficiency and resilience of electricity usage at its production site. Jifeng Cornerstone would bear the investment, construction, ownership, operation and maintenance responsibilities for the Energy Storage Facility, while Sanjiang Chemical would obtain a contractual share of the Energy Saving Benefits without being required to fund the initial construction costs of the energy-storage system.

The Directors (including the independent non-executive Directors, but excluding Ms. Han and Ms. Guan, who have abstained from voting as described below) consider that the terms of the Energy Management Agreement, including the pricing mechanism and the Annual Caps, were arrived at after arm's length negotiations, are fair and reasonable,

are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND THE PARTIES

The Group is principally engaged in the manufacture and supply of ethylene oxide, ethylene glycol, polypropylene, methyl tert-butyl ether and surfactants in the PRC. The Group is also engaged in the provision of processing services for polypropylene, methyl tert-butyl ether and surfactants and the production and supply of other chemical products and industrial gases in the PRC.

Jifeng Cornerstone is a company established in the PRC with limited liability and is wholly owned by Zhejiang Jifeng. Jifeng Cornerstone's principal activity is the provision of energy storage solutions.

Zhejiang Jifeng is a company established in the PRC with limited liability and is the immediate holding company of Jifeng Cornerstone. As at the date of this announcement, Zhejiang Jifeng is owned as to 62.50% by Mr. Guan, 18.75% by Mr. Yan, 12.50% by Mr. Zou and 6.25% by Mr. Liu.

CONNECTED PERSON AND DIRECTORS' INTERESTS

Mr. Guan is the controlling Shareholder and the spouse of Ms. Han, the Chairlady of the Board and an executive Director. Zhejiang Jifeng, being controlled by Mr. Guan, is an associate of Mr. Guan and a connected person of the Company. Jifeng Cornerstone, being a wholly-owned subsidiary of Zhejiang Jifeng, is therefore also an associate of Mr. Guan and a connected person of the Company. Accordingly, the transactions contemplated under the Energy Management Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Ms. Han is the spouse of Mr. Guan. Ms. Guan, an executive Director, is the daughter of Mr. Guan and Ms. Han. Accordingly, Ms. Han and Ms. Guan are regarded as having a material interest in the Energy Management Agreement and the transactions contemplated thereunder and have abstained from voting on the relevant Board resolutions. Save as disclosed above, none of the Directors has a material interest in the Energy Management Agreement or was required to abstain from voting on the relevant Board resolutions.

LISTING RULES IMPLICATIONS

As Jifeng Cornerstone is a connected person of the Company, the transactions contemplated under the Energy Management Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

The Company will comply with the annual review and disclosure requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Energy Management Agreement.

DEFINITIONS

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

“Annual Caps”	the maximum aggregate amounts payable by Sanjiang Chemical to Jifeng Cornerstone under the Energy Management Agreement for the respective periods ending 31 December 2026, 2027 and 2028
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	China Sanjiang Fine Chemicals Company Limited (中國三江精細化工有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Energy Management Agreement”	the energy management agreement dated 4 September 2026 entered into between Jifeng Cornerstone and Sanjiang Chemical in respect of the Energy Storage Facility
“Energy Saving Benefit(s)”	the electricity-cost savings generated by the Energy Storage Facility, calculated in accordance with the formula set out in the Energy Management Agreement
“Energy Storage Facility”	the 14.5MW/29MWh energy-storage power station project to be constructed and operated at Sanjiang Chemical's epoxy-substation area pursuant to the Energy Management Agreement

“Group”	the Company and its subsidiaries from time to time
“Independent Third Party(ies)”	person(s) or company(ies) who or which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is or are independent of the Company and its connected persons
“Jifeng Cornerstone”	嘉興積豐基石新能源科技有限公司 (Jiaxing Jifeng Cornerstone New Energy Technology Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of Zhejiang Jifeng
“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 the daughter of Mr. Guan and Ms. Han
“Ms. Han”	Ms. Han Jianhong, the Chairlady of the Board and an executive Director, and the spouse of Mr. Guan
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, 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 and an indirect wholly-owned subsidiary of the Company
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhejiang Jifeng”	浙江積豐能源科技有限公司 (Zhejiang Jifeng Energy Technology Co., Ltd.*), a company established in the PRC with limited liability and the immediate holding company of Jifeng Cornerstone

“%”

per cent

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

The People's Republic of China, 4 September 2026

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 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.*