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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
(1) NEW STEAM SUPPLY FRAMEWORK AGREEMENT
(2) NEW FATTY ALCOHOL SUPPLY FRAMEWORK AGREEMENT
(3) NEW STORAGE AND LOADING SERVICES FRAMEWORK AGREEMENT
AND
(4) NEW ETHYLENE SUPPLY FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 26 December 2023 and the circular of the Company dated 22 January 2024 in relation to, among other things, the Existing Framework Agreements, each of which will expire on 31 December 2026.

CONTINUING CONNECTED TRANSACTIONS

On 2 November 2026 (after trading hours), the Company entered into the (1) New Steam Supply Framework Agreement, (2) New Fatty Alcohol Supply Framework Agreement, (3) New Storage and Loading Services Framework Agreement and (4) New Ethylene Supply Framework Agreement to renew the transactions contemplated under the Existing Framework Agreements upon their expiry.

(1) New Steam Supply Framework Agreement

On 2 November 2026 (after trading hours), Jiahua Energy Chemical Co. and the Company entered into the New Steam Supply Framework Agreement pursuant to which Jiahua Energy Chemical Co. (including its subsidiaries) has agreed to supply low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) to the Company (including its subsidiaries) for the three years ending 31 December 2027, 2028 and 2029 with an annual cap not exceeding RMB1,000,000,000, RMB1,000,000,000 and RMB1,000,000,000 respectively.

(2) New Fatty Alcohol Supply Framework Agreement

On 2 November 2026 (after trading hours), Jiahua Energy Chemical Co. and the Company entered into the New Fatty Alcohol Supply Framework Agreement pursuant to which Jiahua Energy Chemical Co. (including its subsidiaries) has agreed to supply fatty alcohol to the Company (including its subsidiaries) for the three years ending 31 December 2027, 2028 and 2029 with an annual cap not exceeding RMB400,000,000, RMB400,000,000 and RMB400,000,000 respectively.

(3) New Storage and Loading Services Framework Agreement

On 2 November 2026 (after trading hours), Jiahua Energy Chemical Co. and the Company entered into the New Storage and Loading Services Framework Agreement pursuant to which Jiahua Energy Chemical Co. (including its subsidiaries) has agreed to provide docking and port storage and loading services to the Company (including its subsidiaries) for the three years ending 31 December 2027, 2028 and 2029 with an annual cap not exceeding RMB275,000,000, RMB275,000,000 and RMB275,000,000 respectively.

(4) New Ethylene Supply Framework Agreement

On 2 November 2026 (after trading hours), Jiahua Energy Chemical Co. and the Company entered into the New Ethylene Supply Framework Agreement pursuant to which the Company (including its subsidiaries) has agreed to supply ethylene to Jiahua Energy Chemical Co. (including its subsidiaries) for the three years ending 31 December 2027, 2028 and 2029 with an annual cap not exceeding RMB1,300,000,000, RMB1,300,000,000 and RMB1,300,000,000 respectively.

LISTING RULES IMPLICATIONS

Jiahua Energy Chemical Co. is owned as to approximately 39.31% by Jiahua, which is ultimately controlled by Mr. Guan and Ms. Han.

As Ms. Han is Mr. Guan's wife and an executive Director, Ms. Guan is their daughter and an executive Director, and Mr. Guan is a controlling Shareholder of the Company, Jiahua Energy Chemical Co. is an associate of Mr. Guan, Ms. Han and Ms. Guan and is thus a connected person of the Company. Accordingly, the transactions contemplated under each of the New Framework Agreements 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 proposed annual caps under each of the (1) New Steam Supply Framework Agreement, (2) New Fatty Alcohol Supply Framework Agreement, (3) New Storage and Loading Services Framework Agreement and (4) New Ethylene Supply Framework Agreement is more than 5%, the transactions contemplated thereunder are subject to the reporting, announcement, annual review, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM AND CIRCULAR

The Company will seek Independent Shareholders' approval for each of the New Framework Agreements and the respective proposed annual caps thereunder at the EGM. The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of each of the New Framework Agreements and the respective proposed annual caps 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 the Shareholders as a whole. An independent financial adviser will be appointed to advise the Independent Board Committee on whether the terms of each of the (1) New Steam Supply Framework Agreement, (2) New Fatty Alcohol Supply Framework Agreement, (3) New Storage and Loading Services Framework Agreement and (4) New Ethylene Supply Framework Agreement and the respective proposed 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 interests of the Company and Shareholders as whole.

A circular containing, among other things, (i) further information on each of the New Framework Agreements and the respective proposed annual caps; (ii) the recommendation from the Independent Board Committee; (iii) the advice from the independent financial adviser; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 31 December 2026.

The Existing Framework Agreements, namely the Long Term Steam Supply Framework Agreement, the Long Term Fatty Alcohol Supply Framework Agreement, the Long Term Storage and Loading Services Framework Agreement and the Long Term Ethylene Supply Framework Agreement will expire on 31 December 2026. As the Group intends to continue the transactions thereunder, on 2 November 2026 (after trading hours) the Company entered into the New Framework Agreements with Jiahua Energy Chemical Co.

Set out below are the principal terms of each of the (1) New Steam Supply Framework Agreement, (2) New Fatty Alcohol Supply Framework Agreement, (3) New Storage and Loading Services Framework Agreement and (4) New Ethylene Supply Framework Agreement.

THE NEW FRAMEWORK AGREEMENTS

(1) New Steam Supply Framework Agreement

Date

2 November 2026 (after trading hours)

Parties

(1) Jiahua Energy Chemical Co., a connected person; and

(2) the Company.

Subject matter

Pursuant to the New Steam Supply Framework Agreement, Jiahua Energy Chemical Co. (including its subsidiaries) has agreed to supply low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) to the Company (including its subsidiaries) for the three years ending 31 December 2027, 2028 and 2029 with an annual cap not exceeding RMB1,000,000,000, RMB1,000,000,000 and RMB1,000,000,000 respectively.

Term and condition

Subject to the approval of the Independent Shareholders at the EGM, the New Steam Supply Framework Agreement shall commence from 1 January 2027 to 31 December 2029 (both days inclusive). The New Steam Supply Framework Agreement is conditional upon the approval of the New Steam Supply Framework Agreement and the proposed annual caps thereunder by the Independent Shareholders at the EGM.

Consideration

Pursuant to the New Steam Supply Framework Agreement, the purchase prices for low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) payable by the Company are agreed to be referenced to the prices offered by independent third parties or the prevailing market price. The purchase price payable by the Company in respect of purchases under the New Steam Supply Framework Agreement shall be tallied on the 25th day of each calendar month.

Determination of the pricing policy of steam

The Group will seek to employ the following measures to ensure that the price of low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) offered by Jiahua Energy Chemical Co. to the Company pursuant to the New Steam Supply Framework Agreement will be no less favourable than the price of supplying steam of comparable quality to other independent third party(ies) by Jiahua Energy Chemical Co.:

1. the finance department of the Group will obtain (i) all monthly invoices issued by Jiahua Energy Chemical Co. to its independent purchasers that purchase low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) of comparable quality; and (ii) all supply contracts regarding such steam of comparable quality entered into between Jiahua Energy Chemical Co. and other independent purchasers on a regular basis, to ascertain the completeness of the calculation (to be provided by Jiahua Energy Chemical Co.) and also the weighted average market price as calculated based on the price disclosed by the other providers in the market which provide such steam of comparable quality offered by Jiahua Energy Chemical Co., during the same month of supply; and

2. the finance department of the Group will arrange for the approval of the prices offered by Jiahua Energy Chemical Co. by each of the head of the finance department of the Group and the general manager of the Group.

The Directors consider that the methods and actual procedures adopted by the Group in determining the pricing of steam as described above can ensure that the transactions contemplated under the New Steam Supply Framework 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 make reference to prices Jiahua Energy Chemical Co. offers to independent third party(ies) 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 Caps

Set out below are the historical transaction amounts for the two years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026, together with the historical annual caps, in respect of the purchase of steam by the Group from Jiahua Energy Chemical Co.:

Purchase of low, medium and high pressure steam	**Year ended 31 December 2024** *(RMB'000)*	**Year ended 31 December 2025** *(RMB'000)*	**Nine months ended 30 September 2026** *(RMB'000)*
Actual transaction amount	648,889	687,242	540,130
Historical annual cap	910,000 (Note)	1,000,000	1,000,000 (full year)

Note: The historical annual cap for 2024 covered the period from 1 February 2024 to 31 December 2024 under the Long Term Steam Supply Framework Agreement. Purchases for January 2024 were made under the Short Term Steam Supply Agreement, which had a cap of RMB50,000,000.

The proposed annual caps under the New Steam Supply Framework Agreement are as follows:

	Year ending 31 December 2027 *(RMB'000)*	**Year ending 31 December 2028** *(RMB'000)*	**Year ending 31 December 2029** *(RMB'000)*
Proposed annual cap	1,000,000	1,000,000	1,000,000

Basis of the Cap

The proposed annual caps for the New Steam Supply Framework Agreement are based on:

1. the historical amount of purchases of low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) made by the Group from Jiahua Energy Chemical Co. for the two years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026;

2. the expected amount of purchases of such steam to be made by the Group from Jiahua Energy Chemical Co. for the three years ending 31 December 2029, having regard to the expected production plans of the Group; and

3. the expected unit price of such steam for the three years ending 31 December 2029, taking into account the average unit prices of steam transacted between the Group and Jiahua Energy Chemical Co. for the two years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026, being the actual figures available to the Company at the time when the Company made the relevant cap estimation.

Such projections are 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) New Steam Supply Framework Agreement; (ii) agreements entered into between Jiahua Energy Chemical Co. and independent third parties; and (iii) fee quotations provided by independent third parties for the supply of low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 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 New Steam Supply Framework Agreement are conducted on normal commercial terms. The auditor of the Company will review and confirm that the transactions contemplated under the New Steam Supply Framework Agreement are conducted in accordance with the terms of the New Steam Supply Framework Agreement.

(2) New Fatty Alcohol Supply Framework Agreement

Date

2 November 2026 (after trading hours)

Parties

(1) Jiahua Energy Chemical Co., a connected person; and

(2) the Company.

Subject matter

Pursuant to the New Fatty Alcohol Supply Framework Agreement, Jiahua Energy Chemical Co. (including its subsidiaries) has agreed to supply fatty alcohol to the Company (including its subsidiaries) for the three years ending 31 December 2027, 2028 and 2029 with an annual cap not exceeding RMB400,000,000, RMB400,000,000 and RMB400,000,000 respectively.

Term and condition

Subject to the approval of the Independent Shareholders at the EGM, the New Fatty Alcohol Supply Framework Agreement shall commence from 1 January 2027 to 31 December 2029 (both days inclusive). The New Fatty Alcohol Supply Framework Agreement is conditional upon the approval of the New Fatty Alcohol Supply Framework Agreement and the proposed annual caps thereunder by the Independent Shareholders at the EGM.

Consideration

Pursuant to the New Fatty Alcohol Supply Framework Agreement, the purchase price for fatty alcohol is agreed to be referenced to the price offered by independent third parties or the prevailing market price.

Determination of the pricing policy of fatty alcohol

In order to ensure that the purchase price offered by Jiahua Energy Chemical Co. is no less favourable than the purchase price offered by other suppliers of fatty alcohol to the Company,

1. the finance department of the Group will obtain (i) all monthly invoices issued by Jiahua Energy Chemical Co. to its independent purchasers that purchase fatty alcohol; and (ii) all supply contracts regarding such fatty alcohol of comparable quality entered into between Jiahua Energy Chemical Co. and other independent purchasers on a regular basis, to ascertain the completeness of the calculation (to be provided by Jiahua Energy Chemical Co.) and also the weighted average market price as calculated based on the price disclosed by the other providers in the market which provide fatty alcohol of comparable quality offered by Jiahua Energy Chemical Co., whichever is lower at the time of purchase during the same month of supply; and

2. the finance department of the Group will arrange for the approval of the prices offered by Jiahua Energy Chemical Co. by each of the head of the finance department of the Group and the general manager of the Group.

Accordingly, the Board considers that such methods and procedures can ensure that the purchase of fatty alcohol will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders as a whole.

Historical Transaction Figures and Proposed Caps

Set out below are the historical transaction amounts for the two years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026, together with the historical annual caps, in respect of the purchase of fatty alcohol by the Group from Jiahua Energy Chemical Co.:

Purchase of fatty alcohol	**Year ended 31 December 2024** *(RMB'000)*	**Year ended 31 December 2025** *(RMB'000)*	**Nine months ended 30 September 2026** *(RMB'000)*
Actual transaction amount	68,681	25,400	30,862
Historical annual cap	225,000 (Note)	250,000	250,000 (full year)

Note: The historical annual cap for 2024 covered the period from 1 February 2024 to 31 December 2024 under the Long Term Fatty Alcohol Supply Framework Agreement. Purchases for January 2024 were made under the Short Term Fatty Alcohol Supply Agreement, which had a cap of RMB25,000,000.

The proposed annual caps under the New Fatty Alcohol Supply Framework Agreement are as follows:

	Year ending 31 December 2027 *(RMB'000)*	**Year ending 31 December 2028** *(RMB'000)*	**Year ending 31 December 2029** *(RMB'000)*
Proposed annual cap	400,000	400,000	400,000

Basis of the Cap

The proposed annual caps for the New Fatty Alcohol Supply Framework Agreement are based on:

1. the historical amount of purchases of fatty alcohol made by the Group from Jiahua Energy Chemical Co. for the two years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026;

2. the expected amount of purchases of fatty alcohol to be made by the Group from Jiahua Energy Chemical Co. for the three years ending 31 December 2029 of approximately 20,000 tonnes per annum, taking into account the expected increase in the Group's production capacity of AEO surfactants; and

3. the estimated market price of fatty alcohol for the three years ending 31 December 2029, taking into account the simple average prevailing market price of fatty alcohol for the two years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026, being the actual figures available to the Company at the time when the Company made the relevant cap estimation.

Such projections are 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) New Fatty Alcohol Supply Framework Agreement; (ii) agreements entered into between Jiahua Energy Chemical Co. and independent third parties; and (iii) fee quotations provided by independent third parties for the supply of fatty alcohol 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 New Fatty Alcohol Supply Framework Agreement are conducted on normal commercial terms. The auditor of the Company will review and confirm that the transactions contemplated under the New Fatty Alcohol Supply Framework Agreement are conducted in accordance with the terms of the New Fatty Alcohol Supply Framework Agreement.

(3) New Storage and Loading Services Framework Agreement

Date

2 November 2026 (after trading hours)

Parties

(1) Jiahua Energy Chemical Co., a connected person; and

(2) the Company.

Subject matter

Pursuant to the New Storage and Loading Services Framework Agreement, Jiahua Energy Chemical Co. (including its subsidiaries) has agreed to provide docking and port storage and loading services to the Company (including its subsidiaries) for the three years ending 31 December 2027, 2028 and 2029 with an annual cap not exceeding RMB275,000,000, RMB275,000,000 and RMB275,000,000 respectively.

Term and condition

Subject to the approval of the Independent Shareholders at the EGM, the New Storage and Loading Services Framework Agreement shall commence from 1 January 2027 to 31 December 2029 (both days inclusive). The New Storage and Loading Services Framework Agreement is conditional upon the approval of the New Storage and Loading Services Framework Agreement and the proposed annual caps thereunder by the Independent Shareholders at the EGM.

Consideration

Pursuant to the New Storage and Loading Services Framework Agreement, the fees for the docking and loading services for the designated chemicals shall be between the range of RMB25 to RMB100 per tonne, whereas the fees for the port storage services shall be between the range of RMB100 to RMB250 per tonne, both depending on the type of goods and level of usage, on the basis of the prevailing market rate and after arm's length negotiation.

Determination of the pricing policy of docking and port storage and loading services

In order to ensure that the unit rate per tonne offered by Jiahua Energy Chemical Co. is no less favourable than the prevailing market rate, the Company would compare quotations from other independent service providers for docking and port storage and loading services in the relevant area, analyse such market information, and the unit rate for the docking and port storage and loading services is agreed after arm's length negotiation with Jiahua Energy Chemical Co. Currently, the Group also uses docking, port and storage services provided by other third parties in the same region. Should other independent docking, port and storage service providers be able to provide docking, port and storage services of comparable quality, taking into account the timing for queuing up, at prices lower than the rates offered by Jiahua Energy Chemical Co. on similar terms and conditions, the Group will then appoint such other service providers for the provision of docking, port and storage services, as the non-exclusive arrangement under the New Storage and Loading Services Framework Agreement allows the Group to use other docking, port and storage service providers on a discretionary basis.

Accordingly, the Board considers that the methods and procedures can ensure that the engagement of the docking and port storage and loading 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 Figures and Proposed Caps

Set out below are the historical transaction amounts for the two years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026, together with the historical annual caps, in respect of the docking and port storage and loading services supplied by Jiahua Energy Chemical Co. to the Group:

Supply of docking and port storage and loading services	**Year ended 31 December 2024** *(RMB'000)*	**Year ended 31 December 2025** *(RMB'000)*	**Nine months ended 30 September 2026** *(RMB'000)*
Actual transaction amount	187,946	178,229	138,119
Historical annual cap	225,000 (Note)	270,000	270,000 (full year)

Note: The historical annual cap for 2024 covered the period from 1 February 2024 to 31 December 2024 under the Long Term Storage and Loading Services Framework Agreement. Services for January 2024 were provided under the Short Term Storage and Loading Services Agreement, which had a cap of RMB45,000,000.

The proposed annual caps under the New Storage and Loading Services Framework Agreement are as follows:

	Year ending 31 December 2027 *(RMB'000)*	**Year ending 31 December 2028** *(RMB'000)*	**Year ending 31 December 2029** *(RMB'000)*
Proposed annual cap	275,000	275,000	275,000

Basis of the Cap

The proposed annual caps for the New Storage and Loading Services Framework Agreement are based on:

1. the historical amount of fees paid by the Group to Jiahua Energy Chemical Co. for the two years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026;

2. the expected unit fees to be paid by the Group to Jiahua Energy Chemical Co. for the three years ending 31 December 2029;

3. the expected units of service to be required by the Group for low-temperature tank storage, docking and port loading services for the three years ending 31 December 2029, taking into account the simple average prevailing units of service for the two years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026, being the actual figures available to the Company at the time when the Company made the relevant cap estimation; and

4. the expected market conditions and demand for docking and port storage and loading services from the Group.

Such projections are 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) New Storage and Loading Services Framework Agreement; (ii) agreements entered into between Jiahua Energy Chemical Co. and independent third parties; and (iii) fee quotations provided by other independent service providers for docking and port storage and loading services in the relevant area 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 New Storage and Loading Services Framework Agreement are conducted on normal commercial terms. The auditor of the Company will review and confirm that the transactions contemplated under the New Storage and Loading Services Framework Agreement are conducted in accordance with the terms of the New Storage and Loading Services Framework Agreement.

(4) New Ethylene Supply Framework Agreement

Date

2 November 2026 (after trading hours)

Parties

(1) the Company; and

(2) Jiahua Energy Chemical Co., a connected person.

Subject matter

Pursuant to the New Ethylene Supply Framework Agreement, the Company (including its subsidiaries) has agreed to supply ethylene to Jiahua Energy Chemical Co. (including its subsidiaries) for the three years ending 31 December 2027, 2028 and 2029 with an annual cap not exceeding RMB1,300,000,000, RMB1,300,000,000 and RMB1,300,000,000 respectively.

Term and condition

Subject to the approval of the Independent Shareholders at the EGM, the New Ethylene Supply Framework Agreement shall commence from 1 January 2027 to 31 December 2029 (both days inclusive). The New Ethylene Supply Framework Agreement is conditional upon the approval of the New Ethylene Supply Framework Agreement and the proposed annual caps thereunder by the Independent Shareholders at the EGM.

Consideration

Pursuant to the New Ethylene Supply Framework Agreement, the selling price for ethylene is agreed to be referenced to the prices offered by independent third parties or the prevailing market price.

Determination of the pricing policy of ethylene

In order to ensure that the selling price is no less favourable than the prevailing market price, the Company will seek to employ the following measures:

1. the finance department of the Group will obtain (i) all monthly invoices issued by the Group to its independent customers that purchase ethylene from the Group; and (ii) all selling contracts regarding ethylene of comparable quality entered into between the Group and other independent customers on a regular basis, to ascertain the completeness of the calculation as to the weighted average selling prices of ethylene and also the weighted average market price as calculated based on the price disclosed by the other providers in the market which provide ethylene of comparable quality offered by the Company, whichever is higher at the time of receiving purchase orders from Jiahua Energy Chemical Co. during the same month of supply; and

2. the finance department of the Group will arrange for the approval of the prices offered by the Group by each of the head of the finance department of the Group and the general manager of the Group.

Accordingly, the Board considers that the methods and procedures can ensure that the sale of ethylene will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders as a whole.

Historical Transaction Figures and Proposed Caps

Set out below are the historical transaction amounts for the two years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026, together with the historical annual caps, in respect of the supply of ethylene by the Group to Jiahua Energy Chemical Co.:

Supply of ethylene	**Year ended 31 December 2024** *(RMB'000)*	**Year ended 31 December 2025** *(RMB'000)*	**Nine months ended 30 September 2026** *(RMB'000)*
Actual transaction amount	853,940	458,465	536,844
Historical annual cap	1,080,000 (Note)	1,765,000	2,000,000 (full year)

Note: The historical annual cap for 2024 covered the period from 1 February 2024 to 31 December 2024 under the Long Term Ethylene Supply Framework Agreement. Supplies for January 2024 were made under the Short Term Ethylene Supply Agreement, which had a cap of RMB50,000,000.

The proposed annual caps under the New Ethylene Supply Framework Agreement are as follows:

	Year ending 31 December 2027 *(RMB'000)*	**Year ending 31 December 2028** *(RMB'000)*	**Year ending 31 December 2029** *(RMB'000)*
Proposed annual cap	1,300,000	1,300,000	1,300,000

Basis of the Cap

The proposed annual caps for the New Ethylene Supply Framework Agreement are based on:

1. the historical amount of purchases of ethylene made by Jiahua Energy Chemical Co. from the Group for the two years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026;

2. the expected amount of purchases of ethylene to be made by Jiahua Energy Chemical Co. from the Group for the three years ending 31 December 2029, based on the production requirements of Jiahua Energy Chemical Co. and the expected spare ethylene capacity of the Group; and

3. the expected unit price of ethylene for the three years ending 31 December 2029, taking into account the simple average prevailing market price of ethylene for the two years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026, being the actual figures available to the Company at the time when the Company made the relevant annual cap estimation.

Such projections are 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) New Ethylene Supply Framework Agreement; (ii) agreements entered into between the Group and independent third parties; and (iii) fee quotations provided by independent third parties for the purchase of ethylene 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 New Ethylene Supply Framework Agreement are conducted on normal commercial terms. The auditor of the Company will review and confirm that the transactions contemplated under the New Ethylene Supply Framework Agreement are conducted in accordance with the terms of the New Ethylene Supply Framework Agreement.

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 is 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.

(1) New Steam Supply Framework Agreement

Given that Jiahua Energy Chemical Co. is the only company that provides low, medium and high pressure steam in the Zhapu area of Jiaxing City, the PRC, which is the same economic development zone where the Group is located, it is impractical for the Group to source steam from another area, as both steam pressure and steam heat would be lost substantially during the transmission of steam through long-distance pipelines. In particular, as the production base of the Group is situated close to that of Jiahua Energy

Chemical Co., the transportation cost of steam from Jiahua Energy Chemical Co. to the Group is reduced. Moreover, Jiahua Energy Chemical Co. has been supplying steam to the Group since the year ended 31 December 2007 and the quality of goods and services provided by it has been considered by the Group to be satisfactory.

Based on past operational convenience and benefits brought to the Group and the extended business relationships established between the Group and Jiahua Energy Chemical Co., such continuing relationships are expected to bring synergies to the parties. Further, as the Group has an existing transmission network in place for the transmission of steam from Jiahua Energy Chemical Co., the Group can procure the supply of steam from Jiahua Energy Chemical Co. without incurring additional fixed costs. The New Steam Supply Framework Agreement is on normal commercial terms given that the pricing and terms are no more favourable to Jiahua Energy Chemical Co. than those given to other independent purchasers. In view of the geographical proximity and to secure a constant and stable supply of low, medium and high pressure steam for production purposes, the Group entered into the New Steam Supply Framework Agreement.

(2) New Fatty Alcohol Supply Framework Agreement

Fatty alcohol is a major raw material used by the Group in the production of AEO surfactants. Since the second half of 2013, Jiahua Energy Chemical Co. has been producing fatty alcohol and offering fatty alcohol for sale. As the production base of the Group is situated close to that of Jiahua Energy Chemical Co., the transportation costs of fatty alcohol from Jiahua Energy Chemical Co. to the Group can be reduced. In view of the geographical proximity and to secure a constant and stable supply of fatty alcohol for its production purposes on fair commercial terms and at a reasonable price, the Group entered into the New Fatty Alcohol Supply Framework Agreement with Jiahua Energy Chemical Co.

(3) New Storage and Loading Services Framework Agreement

The New Storage and Loading Services Framework Agreement is on a non-exclusive basis and enables the Group to have more options in terms of access to docking, port and storage services, and there are internal controls in place to ensure that the terms and rates offered by Jiahua Energy Chemical Co. are no less favourable than those offered by other independent docking, port and storage service providers. In view of the foregoing reasons, the Group entered into the New Storage and Loading Services Framework Agreement.

(4) New Ethylene Supply Framework Agreement

The New Ethylene Supply Framework Agreement with Jiahua Energy Chemical Co. provides an option for the Group to sell ethylene to Jiahua Energy Chemical Co. at a price which is no less favourable than the prevailing market price (based on the aforesaid pricing mechanism and internal controls) when the Group has spare capacity in terms of

ethylene output. As mentioned above, the geographical proximity between the production base of the Group and that of Jiahua Energy Chemical Co. and the long and well established business relationships between the Group and Jiahua Energy Chemical Co. bring synergies to the parties. In view of the foregoing reasons, the Group entered into the New Ethylene Supply Framework Agreement with Jiahua Energy Chemical Co.

The Directors (excluding the independent non-executive Directors, whose views will be set out in the circular after considering the advice of the Independent Financial Adviser) are of the view that the terms of each of the New Framework Agreements, together with the respective proposed annual caps, are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

The Group

The Company is an investment holding company. The principal activities of the Group are set out in the section headed "Reasons for and benefits of the transactions" above.

Jiahua Energy Chemical Co.

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

LISTING RULES IMPLICATIONS

Jiahua Energy Chemical Co. is owned as to approximately 39.31% by Jiahua, which is ultimately controlled by Mr. Guan and Ms. Han.

As Ms. Han is Mr. Guan's wife and an executive Director, Ms. Guan is their daughter and an executive Director, and Mr. Guan is a controlling Shareholder of the Company, Jiahua Energy Chemical Co. is an associate of Mr. Guan, Ms. Han and Ms. Guan and is thus a connected person of the Company. Accordingly, the transactions contemplated under each of the New Framework Agreements 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 proposed annual caps under each of the (1) New Steam Supply Framework Agreement, (2) New Fatty Alcohol Supply Framework Agreement, (3) New Storage and Loading Services Framework Agreement and (4) New Ethylene Supply Framework Agreement is more than 5%, the transactions contemplated thereunder are subject to the reporting, announcement, annual review, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM AND CIRCULAR

The Company will seek Independent Shareholders' approval for each of the New Framework Agreements and the respective proposed annual caps thereunder at the EGM. The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of each of the New Framework Agreements and the respective proposed annual caps 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 the Shareholders as a whole. An independent financial adviser will be appointed to advise the Independent Board Committee on whether the terms of each of the (1) New Steam Supply Framework Agreement, (2) New Fatty Alcohol Supply Framework Agreement, (3) New Storage and Loading Services Framework Agreement and (4) New Ethylene Supply Framework Agreement and the respective proposed 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 interests of the Company and Shareholders as whole.

A circular containing, among other things, (i) further information on each of the New Framework Agreements and the respective proposed annual caps; (ii) the recommendation from the Independent Board Committee; (iii) the advice from the independent financial adviser; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 31 December 2026.

GENERAL

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

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

"associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Board"	the 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 Independent Shareholders to consider and, if thought fit, approve each of the (1) New Steam Supply Framework Agreement, (2) New Fatty Alcohol Supply Framework Agreement, (3) New Storage and Loading Services Framework Agreement and (4) New Ethylene Supply Framework Agreement and the respective proposed annual caps thereunder;
"Existing Framework Agreements"	the Long Term Steam Supply Framework Agreement, the Long Term Fatty Alcohol Supply Framework Agreement, the Long Term Storage and Loading Services Framework Agreement and the Long Term Ethylene Supply Framework Agreement as disclosed in the announcement of the Company dated 26 December 2023 and the circular of the Company dated 22 January 2024;
"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 each of the (1) New Steam Supply Framework Agreement, (2) New Fatty Alcohol Supply Framework Agreement, (3) New Storage and Loading Services Framework Agreement and (4) New Ethylene Supply Framework Agreement, and the respective proposed annual caps thereunder;
"Independent Shareholders"	Shareholders who are not connected persons of the Company;
"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, a non-wholly owned subsidiary of Jiahua and listed on the Shanghai Stock Exchange (stock code: 600273);
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"MPa"	a metric unit of pressure;
"Mr. Guan"	Mr. Guan Jianzhong, a controlling Shareholder of the Company, the spouse of Ms. Han and the father of Ms. Guan;
"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;

"New Ethylene Supply Framework Agreement"	the ethylene supply framework agreement dated 2 November 2026 entered into between the Company and Jiahua Energy Chemical Co. for the supply of ethylene to Jiahua Energy Chemical Co. (including its subsidiaries) for the three years ending 31 December 2029;
"New Fatty Alcohol Supply Framework Agreement"	the fatty alcohol supply framework agreement dated 2 November 2026 entered into between Jiahua Energy Chemical Co. and the Company for the supply of fatty alcohol to the Company (including its subsidiaries) for the three years ending 31 December 2029;
"New Framework Agreements"	collectively, (1) the New Steam Supply Framework Agreement, (2) the New Fatty Alcohol Supply Framework Agreement, (3) the New Storage and Loading Services Framework Agreement, and (4) the New Ethylene Supply Framework Agreement;
"New Steam Supply Framework Agreement"	the steam supply framework agreement dated 2 November 2026 entered into between Jiahua Energy Chemical Co. and the Company for the supply of low pressure steam (0.65 MPa and 1.3 MPa), medium pressure steam (3.4 MPa) and high pressure steam (4.6 MPa) to the Company (including its subsidiaries) for the three years ending 31 December 2029;
"New Storage and Loading Services Framework Agreement"	the storage and loading services framework agreement dated 2 November 2026 entered into between Jiahua Energy Chemical Co. and the Company for the provision of docking and port storage and loading services to the Company (including its subsidiaries) for the three years ending 31 December 2029;
"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;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Shareholder(s)"	shareholder(s) of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited; and

"%"	per cent.

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

The PRC, 2 November 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 individuals or 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.*