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常茂生物化學工程股份有限公司

Changmao Biochemical Engineering Company Limited*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 954)

**DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCT**

The Board announces that on 5 January 2021, the Company used internal resources to subscribe for the Wealth Management Product offered by Agricultural Bank of China with a subscription amount of RMB30 million, summary of which are set out as follows:

THE WEALTH MANAGEMENT PRODUCT

On 5 January 2021, the Company entered into the Wealth Management Agreement with Agricultural Bank of China to subscribe for the Wealth Management Product.

The principal terms of the subscription are summarised as follows:

Parties: the Company (as subscriber)

Agricultural Bank of China (as the product provider)

Agricultural Bank of China is a licensed state-owned commercial bank established under the law of the PRC and its shares are listed on the Shanghai Stock Exchange and the Main Board of the Stock Exchange. To the best knowledge, information and belief of the Directors having made all reasonable enquiry, Agricultural Bank of China and its ultimate beneficial owner(s) are third

parties independent of the Company and its connected persons as at the date of this announcement.

Wealth Management Product: Agricultural Bank of China “農銀時時付” 開放式淨值型人民幣理財產品（對公專屬） (“Agricultural Bank Pay at All Time” open net value RMB wealth management product (exclusive to corporates)*)

Currency of investment: RMB

Product type and return: Non-principal guaranteed with floating rate of income

Term: 4 February 2040

Risk category: Low risk - the probability of principal loss is low, but there is certain uncertainty in the actual return

Subscription amount: Subscription amount is RMB30 million.

The subscription amount was determined based on the available financial resources of the Company.

Depending on the funding requirements and amount of idle cash of the Group, the Company intends to make subscription to and redemption from the Wealth Management Product from time to time within one year from the date of this announcement, but the principal balance outstanding of the Wealth Management Product at any time shall not exceed RMB30 million.

The subscription amount will be settled with the internal resources of the Company.

Redemption:	Redemption can be made by the Company on any banking day before 3 p.m., and the funds will be credited in real time (not more than RMB240,000) or one day later (more than RMB240,000) to the Company.
Fees:	Sales management fee of 0.1% per year, investment management fee of 0.03% per year and custodian fee of 0.02% per year
Early Termination:	Agricultural Bank of China has the right to terminate the Wealth Management Product according to the actual situation of the Wealth Management Product.

REASONS FOR AND BENEFITS OF SUBSCRIPTION OF THE WEALTH MANAGEMENT PRODUCT

The Group is principally engaged in the production and sales of organic acid products.

Given that the expected return of the Wealth Management Product is higher than those for demand deposits or time deposits generally offered by commercial banks, the subscription of the Wealth Management Product is expected to increase the Group's earnings on the idle funds of the Group. As the Wealth Management Product is considered to have relatively low risk, the subscription of the Wealth Management Product is in line with the internal risk management and investment policies of the Group.

The terms of the Wealth Management Product are the same as those offered to the other corporate customers of Agricultural Bank of China. The Directors are of the view that the terms and conditions of the Wealth Management Agreement are based on normal commercial terms and are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios of the maximum amount of subscription of the Wealth Management Product at any time of RMB30 million calculated in accordance with Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the entering into of the Wealth Management Agreement constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirement under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings ascribed to them below:

“Agricultural Bank of China”	Agricultural Bank of China Limited
“Board”	the board of the Directors
“Company”	常茂生物化學工程股份有限公司 (Changmao Biochemical Engineering Company Limited*), a joint stock limited company incorporated in the PRC with the H Shares currently listed on the Main Board of the Stock Exchange (Stock Code: 954)
“Director(s)”	director(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	Shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wealth Management Agreement”	the wealth management agreement entered into by the Company and Agricultural Bank of China in relation to the Wealth Management Product
“Wealth Management Product”	the wealth management product of “農銀時時付” 開放式淨值型人民幣理財產品（對公專屬） (“Agricultural Bank Pay at All Time” open net value RMB wealth management product (exclusive to corporates)*) offered by the Agricultural Bank of China
“%”	per cent.

By order of the Board of
Changmao Biochemical Engineering Company Limited*
Rui Xin Sheng
Chairman

The PRC, 5 January 2021

**For identification purpose*

As at the date hereof, Mr. Rui Xin Sheng (Chairman) and Mr. Pan Chun are the executive Directors, Mr. Zeng Xian Biao, Mr. Yu Xiao Ping, Mr. Wang Jian Ping and Ms. Leng Yi Xin are the non-executive Directors, Prof. Ouyang Ping Kai, Ms. Wei Xin and Ms. Au Fung Lan are the independent non-executive Directors.

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