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)

PROFIT WARNING

This announcement is made by Changmao Biochemical Engineering Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company and potential investors that having assessed the currently available information, the Group is likely to record a consolidated net profit attributable to the equity holders of the Company for the six months ended 30 June 2020 of approximately RMB12,000,000 to RMB18,000,000, which represents a significant decline as compared to that of approximately RMB42,528,000 for the 6 months ended 30 June 2019. The estimated consolidated net profit attributable to the equity holders of the Company for the six months ended 30 June 2020 has not taken into account any impact on the assets of the Group due to the cessation of production of maleic anhydride and relocation of production lines as disclosed in the announcement by the Company dated 24 June 2020 as the amount of compensation from the Changzhou government in relation to the cessation of production and relocation is yet to be determined pending the completion of an independent valuation.

The Board believes that the Group's financial performance for the 6 months ended 30 June 2020 has been affected mainly by the weakened demand from the customers and the decrease in average selling prices of the Group's products which has caused the decrease in gross margin as a result of the outbreak of the COVID-19 pandemic in early 2020.

**For identification purpose*

As the Company is still in the process of finalising its results of the Group for the 6 months ended 30 June 2020, the information contained in this announcement is a preliminary assessment by the Board with reference to the management accounts of the Group and the information currently available to the Company. Such information has not been audited or reviewed by the Company's auditor and/or the audit committee. Further details of the Group's performance will be disclosed when the Group's results for the 6 months ended 30 June 2020 is announced in August 2020.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

The PRC, 16 July 2020

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

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