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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)

PROFIT WARNING

This announcement is made by China Sanjiang Fine Chemicals Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Company expects its net profit attributable to equity holders for the year ended 31 December 2021 will decrease substantially by not more than 70% as compared to net profit attributable to equity holders of the Company for the year ended 31 December 2020. The expected decrease in net profit attributable to equity holders of the Company was primarily attributable to the fact that 1) the increase in feedstock costs as a result of the energy dual controls imposed by local authority during Q3 of 2021, which led to the increase in the pricing of coal and in turn, the increase in Methanol pricing and Methanol is one of our major feedstocks; 2) the increase in energy cost also as a result of the energy dual controls imposed by local authority during Q3 of 2021, which led to the increase in the pricing of coal and in turn, the increase in energy costs; and 3) the decrease in production capacities of our major products in certain extent as a result of the disruption of logistic for feedstocks procurement after the outbreak of the novel coronavirus global pandemic, which led to the delay and decrease in capacity in port loading for certain of our feedstocks. Despite the abovementioned downsides, the management of the Group is expecting a number of upsides in 2022, including but not limited to, the fact that the Group in the progress of completing the construction of the new production facilities, the

6th phase EO/EG production facilities with 1,000,000MT output on a yearly basis and its ancillary production facilities. The constructions of the new production facilities are on schedule and the Group expects the completion of construction and the commercial operations will take place in 2022.

The Company is still in the process of finalizing the annual results for the year ended 31 December 2021. As such, the information contained in this announcement is based on the preliminary assessment of the Board on the unaudited consolidated financial information. The annual results of the Group for the year ended 31 December 2021 is expected to be announced before the end of March 2022.

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

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

People's Republic of China, 21 January 2022

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.