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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)

INSIDE INFORMATION

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 loss attributable to equity holders for the 6 months period ended 30 June 2022 will be in a range between RMB70 million and RMB90 million, representing a substantial decrease by more than 120% as compared to the net profit attributable to equity holders of the Company for the 6 months period ended 30 June 2021 of RMB327.6 million. The expected substantial decrease in net profit attributable to equity holders of the Company was primarily attributable to: 1) the increases in average selling prices of our major products namely ethylene oxide (“**EO**”), ethylene glycol (“**EG**”) and polypropylene (“**PP**”) were in a less extent when comparing to the increase in average market price of our feedstock, Methanol as a result of the outbreak and global pandemic of the novel coronavirus (the “**COVID-19 Pandemic**”) and certain global emergencies, which led to lower demands from downstream level and higher average market prices of upstream feedstocks; 2) the decrease in overall production capacity due to disruptions in logistics as a result of the outbreak of covid-19 in cities nearby our production plants and the related prevention measures; 3) the inclusion of an one-off item in relation to foreign

exchange losses of amount RMB70 million resulted from the depreciation of RMB against USD and the inclusion of an one-off item in relation to the provision for impairment for inventory of amount RMB30 million. Despite the abovementioned downsides, the management of the Group is expecting a number of upsides in the second half of 2022, including the expected decrease in average market price of feedstocks, the increase in expected overall production capacity due to the expected improvement of logistic; and the improvement of average selling price of our major products due to the expected improvement of demands on our major products;

The Company is still in the process of finalizing the interim results for the 6 months period ended 30 June 2022. As such, the information contained in this announcement is based on the preliminary assessment by the Board on the unaudited consolidated financial information, which has not been reviewed or audited by the Company's auditors. The interim results of the Group for the 6 months period ended 30 June 2022 is expected to be announced before the end of August 2022.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares or other securities of the Company.

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

Hong Kong, 15 July 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.