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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)

POSITIVE PROFIT ALERT

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, there is an estimated increase in the Group’s sales revenue for the six months ended 30 June 2022 (“**1H2022**”), and the Group is likely to record a consolidated net profit attributable to the equity holders of the Company for 1H2022 of an amount ranging between RMB35 million to RMB45 million, represent a significant increase compared to the consolidated net profit attributable to the equity holders of the Company of approximately RMB0.24 million for the six months ended 30 June 2021 (“**1H2021**”).

The Board believes that the Group’s financial performance for 1H2022 has been affected by the following factors:

- (1) There was an increase in sales volume and revenue due to the increase in market demand, especially the domestic market.
- (2) There was an increase in average sales price of the products and a moderate decline in the average price of the raw material, maleic anhydride, leading to a rise in overall gross profit margin.

**For identification purpose*

(3) The Group's Lianyungang plant has resumed production since 2021 and operated at loss in 2021. It has started to turnaround in the second quarter of 2022 and its net loss in 1H2022 has significantly reduced compared with that in 1H2021.

As the Company is still in the process of finalising the results of the Group for 1H2022, 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 six months ended 30 June 2022 are announced, which is expected to be on 18 August 2022.

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, 5 August 2022

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, Mr. Zhou Zhi Wei, Mr. Shu Rong Xin and Ms. Cheng Mun Wah are the independent non-executive directors of the Company.

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