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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 year ended 31 December 2022 will be in a range between RMB200 million and RMB360 million, representing a substantial decrease by approximately 200% as compared to the net profit attributable to equity holders of the Company for the year ended 31 December 2021 of RMB380.6 million. The expected substantial decrease in net profit attributable to equity holders of the Company was primarily attributable to: 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; and the inclusion of one-off item in relation to the suspension of operation of the joint venture operation with Lotte Chemical Corporation which incurred loss of RMB100 million, foreign exchange losses resulted from the depreciation of RMB against

USD; and the inclusion of one-off item in relation to the provision for impairment for property, plant and equipment. Despite the abovementioned downsides, the management of the Group is expecting a number of upsides in 2023 as a result of the withdrawal of prevention measures for COVID-19 Pandemic since early 2023, which leads to improvement of demand and supply and logistic arrangement of feedstocks and major products and the improvement of average selling price of our major products in certain extents.

The Company is still in the process of finalizing the annual results for the year ended 31 December 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 annual results of the Group for the year ended 31 December 2022 is expected to be announced before the end of March 2023.

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

People's Republic of China, 10 February 2023

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.