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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)

POSITIVE PROFIT ALERT

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, based on the preliminary review and assessment of the Group’s unaudited consolidated financial information for the year ended 31 December 2023 (the “**year under review**”), the Group is expected to report a net profit attributable to owners of the parent of the Company in a range between RMB20 million and RMB60 million for the year ended 31 December 2023 while the Group reported a net loss attributable to owners of the parent of approximately RMB307,880,000 for the year ended 31 December 2022. The expected increase in net profit attributable to owners of the parent of the Company was primarily attributable to the combined effects of certain on-going/one-off items derived from the fact that:– 1) On-going item: — the overall performance of the Group improved when comparing to 2022 as the Group managed to maximize its overall production capacities, an increase of more than 33% when comparing to 2022; 2) One-off item — Lotte Chemical Corporation, the joint venture partner of joint operation between the Group and Lotte Chemical Corporation (“**Joint Operation**”), agreed to bear and repay the 50% bank loan amounted to approximately RMB115 million of the Joint Operation for the Group; 3) One-off item — Lotte Chemical Corporation agreed to transfer its 50% equity interest in the Joint Operation with net asset value amounted to approximately RMB85

million to the Group at zero consideration; 4) One-off item — The Group recognised an income of RMB27 million derived from the negative goodwill as to the acquisition of Lotte Chemical (Jiaxing) Co., Ltd; and 5) One off item — the Group made impairment provisions for certain production facilities and invention production facilities as the input/output ratios of certain production facilities were not up to the expected level of the Group.

The Company is still in the process of finalizing the final results for the year ended 31 December 2023. As such, the information contained in this announcement is based on the preliminary assessment of the Board on the unaudited consolidated financial information. The final results of the Group for the year ended 31 December 2023 is expected to be announced before the end of March 2024.

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

The People's Republic of China, 6 March 2024

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.