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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 six months ended 30 June 2020 (the “**period under review**”), the Group is expected to report a net profit attributable to equity holders of more than RMB350.0 million for the six months period ended 30 June 2020, representing an increment of approximately 1,000%, as compared to net profit attributable to equity holders of the Company of approximately RMB32.3 million for the six months period ended 30 June 2019. The expected increase in net profit attributable to equity holders of the Company was primarily attributable to:- 1) the average selling prices of the Group’s major products namely ethylene oxide, ethylene glycol and polypropylene decreased in a relatively lesser extent when comparing to the decreases in average purchase prices of the Group’s major feedstocks namely methanol, ethylene and propylene in the first half of 2020 when comparing to the corresponding period of 2019 as a result of the persistent demands from downstream manufacturers; 2) the pricing of methanol stayed in a relatively lower level during the period under view; and 3) the Group managed to maintain the utilization rate of its production capacities in a relatively high level despite the outbreak of the COVID-19 pandemic as the Group has been implementing various strict measures to safeguard the health and safety of suppliers, customers and employees.

The Company is still in the process of finalizing the interim results for the six months period ended 30 June 2020. As such, the information contained in this announcement is based on the preliminary assessment of the Board on the unaudited consolidated financial information. The interim results of the Group for the six months period ended 30 June 2020 is expected to be announced before the end of August 2020.

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
GUAN Jianzhong
Chairman and executive Director

The People's Republic of China, 15 July 2020

As at the date of this announcement, the Board comprises four executive Directors: Mr. GUAN Jianzhong, Ms. HAN Jianhong, Mr. HAN Jianping and Mr. RAO Huotao and three independent non-executive Directors: Mr. SHEN Kaijun, Ms. PEI Yu and Mr. KONG Liang.