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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)**

**CLARIFICATION ANNOUNCEMENT**

Reference is made to the annual results announcement for the year ended 31 December 2020 (the “**2020 Annual Result Announcement**”) of China Sanjiang Fine Chemicals Company Limited (the “**Company**”) dated 22 March 2021. Unless otherwise defined, terms used herein shall have the same meaning as defined in the 2020 Annual Result Announcement.

The Company noted certain clerical mistakes in the 2020 Annual Result Announcement and wishes to make the following clarifications:

**Clarification #1**

On page 9 of the 2020 Annual Result Announcement, the Company disclosed certain part of the “**CONSOLIDATED STATEMENT OF FINANCE POSITION**”, which should read as follow with the changes both duly circled in rectangle and **bold**:-

		2020 RMB'000	2019 RMB'000 (Restated)
ORIGINAL:-			
“ <b>Net assets</b> ”		<u>4,791,691</u>	<u>4,056,135</u>
EQUITY			
<b>Equity attributable to owners of the parent</b>			
Issued capital	20	102,662	102,662
Reserves		<u>4,652,700</u>	<u>3,934,010</u>
		4,755,362	4,036,672
Non-controlling interests		<u>36,329</u>	<u>19,463</u>
<b>Total equity</b> ”		<u>4,791,691</u>	<u>4,056,135</u>
AFTER CHANGES:-			
“ <b>Net assets</b> ”		<u>4,791,691</u>	<u>4,056,135</u>
EQUITY			
<b>Equity attributable to owners of the parent</b>			
Issued capital	20	102,662	102,662
Reserves		<u>4,610,025</u>	<u>3,934,010</u>
		<u>4,712,687</u>	4,036,672
Non-controlling interests		<u>79,004</u>	<u>19,463</u>
<b>Total equity</b> ”		<u>4,791,691</u>	<u>4,056,135</u>

## Clarification #2

On page 16 of the 2020 Annual Result Announcement, the Company disclosed certain part of the “6 PROFIT BEFORE TAX”, which should read as follow with the changes both duly circled in rectangle and **bold**:-

ORIGINAL:-

“ The Group’s profit before tax is arrived at after charging:

	2020 RMB’000	2019 RMB’000 (Restated)
Cost of inventories sold	6,686,041	8,117,837
Cost of services provided	37,497	34,168
Depreciation of		
property, plant and equipment *	537,673	559,016
Depreciation of right-of-use assets	12,205	10,198
Amortisation of intangible assets**	30,063	29,003
Reversal of write-down of inventories to net realisable value***	(31,932)	(17,664)
Impairment of trade receivables, net	(633)	3,122
Impairment of financial assets included in prepayments, other receivables and other assets, net	(2,135)	2,135
Loss on disposal of items of property, plant and equipment	323	-
Auditor’s remuneration	2,716	2,660
Lease payments not included in the measurement of lease liabilities	979	1,815
Employee benefit expense (including directors’ remuneration): ****		
Wages and salaries	182,382	149,482
Pension scheme contributions	3,676	5,367
Staff welfare expenses	9,038	11,107
	<u>195,096</u>	<u>165,956</u>

\* The depreciation of property, plant and equipment of RMB 486,777,000 (2019: RMB498,642,000) for the year is included in “Cost of sales” in the consolidated statement of profit or loss.

\*\* The amortisation of intangible assets of RMB7,921,000 (2019: RMB6,682,000) for the year is included in “Cost of sales” in the consolidated statement of profit or loss.

\*\*\* Reversal of write-down of inventories to net realisable value of RMB994,000 for the year ended 31 December 2020 (2019: write-down of inventories to net realisable value of RMB994,000) was included in “Cost of sales” in the consolidated statement of profit or loss.

\*\*\*\* The employee benefit expense of RMB97,149,000 (2019: RMB94,208,000) for the year is included in “Cost of sales” in the consolidated statement of profit or loss.

AFTER CHANGES:-

“ The Group’s profit before tax is arrived at after charging:

	2020 RMB’000	2019 RMB’000 (Restated)
Cost of inventories sold	6,686,041	8,117,837
Cost of services provided	37,497	34,168
Depreciation of		
property, plant and equipment *	537,673	559,016
Depreciation of right-of-use assets	12,205	10,198
Amortisation of intangible assets**	30,063	29,003
Reversal of write-down of inventories to net realisable value***	<b>(30,932)</b>	(17,664)
Impairment of trade receivables, net	(633)	3,122
Impairment of financial assets included in prepayments, other receivables and other assets, net	(2,135)	2,135
Loss on disposal of items of property, plant and equipment	323	-
Auditor’s remuneration	2,716	2,660
Lease payments not included in the measurement of lease liabilities	979	1,815
Employee benefit expense (including directors’ remuneration): ****		
Wages and salaries	182,382	149,482
Pension scheme contributions	3,676	5,367
Staff welfare expenses	<u>9,038</u>	<u>11,107</u>
	<u>195,096</u>	<u>165,956</u>

\* The depreciation of property, plant and equipment of RMB 486,777,000 (2019: RMB498,642,000) for the year is included in “Cost of sales” in the consolidated statement of profit or loss.

\*\* The amortisation of intangible assets of RMB7,921,000 (2019: RMB6,682,000) for the year is included in “Cost of sales” in the consolidated statement of profit or loss.

\*\*\* **Write-down of inventories to net realisable value of RMB994,000 for the year ended 31 December 2019 was included in “Cost of sales” in the consolidated statement of profit or loss.**

\*\*\*\* The employee benefit expense of RMB97,149,000 (2019: RMB94,208,000) for the year is included in “Cost of sales” in the consolidated statement of profit or loss. ”

### Clarification #3

On page 29 of the 2020 Annual Result Announcement, the Company disclosed certain part of the “21 COMPARATIVE AMOUNTS”, which should read as follow with the changes both duly circled in rectangle and **bold**:-

#### ORIGINAL:-

“ Effect on the consolidated statement of financial position as at 31 December 2019:

	As previously reported RMB'000	Effect of business combination under common control RMB'000	As restated RMB'000
Assets:			
Property, plant and equipment	4,916,741	131	4,916,872
Financial asset at fair value through profit or loss	678,105	28,347	706,452
Prepayments, other receivables and other assets	203,154	9,186	212,340
Cash and cash equivalents	591,671	612	592,283
Liabilities:			
Other payables and accruals	859,023	543	859,576 ”

#### AFTER CHANGES:-

“ Effect on the consolidated statement of financial position as at 31 December 2019:

	As previously reported RMB'000	Effect of business combination under common control RMB'000	As restated RMB'000
Assets:			
Property, plant and equipment	4,916,741	131	4,916,872
Financial asset at fair value through profit or loss	678,105	28,347	706,452
Prepayments, other receivables and other assets	203,154	9,186	212,340
Cash and cash equivalents	591,671	612	592,283
Liabilities:			
Other payables and accruals	<b>859,033</b>	543	859,576 ”

There is no change in the content and information contained in the 2020 Annual Result Announcement save for the aforementioned corrections of clerical errors.

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

People's Republic of China, 23 March 2021

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