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SANVO Fine Chemicals Group Limited
三和精化集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 301)

PROFIT WARNING

This announcement is made by SANVO Fine Chemicals Group Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby informs the shareholders and potential investors of the Company that, its preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2021 (the “**Year**”) currently available, it is expected to record a profit attributable to owners of the Company of approximately RMB14,000,000, representing a decrease of approximately RMB51,820,000, or approximately 78.7%, as compared to the audited profit attributable to owners of the Company of approximately RMB65,820,000 for the year ended 31 December 2020. The decrease was primarily due to the increase in purchase price of raw materials. In 2021, the State Council of the People’s Republic of China made a major strategic decision to exert extra efforts to address domestic and international resource and environmental issues and achieve carbon peak and neutrality targets. In addition, the power supply crunch in China affected more than ten provinces in the country. The Group’s upstream suppliers are highly sensitive to government policies in terms of product pricing. Given raw materials represented a significant proportion of the Group’s cost of sales, the increase in the costs of raw materials will have a negative impact on the Group.

The information contained in this announcement is based solely on the preliminary assessment of the unaudited management accounts and the financial information currently available. Such information has not been reviewed or audited by the auditors or reviewed by the audit committee of the Company. Shareholders and potential investors are advised to read carefully the results announcement of the Group for the Year scheduled to be published in late March 2022.

By Order of the Board

SANVO Fine Chemicals Group Limited

Mr. Chen Bingqiang

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 14 March 2022

As at the date of this announcement, the executive Directors are Mr. Chen Bingqiang, Mr. Chen Bingyao and Mr. Ng Cheuk Lun; and the independent non-executive Directors are Ir. Daniel Lai, Mr. Xu Kai and Mr. Yeung Chun Yue David.