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常茂生物化學工程股份有限公司

Changmao Biochemical Engineering Company Limited*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 954)

PROFIT WARNING

This announcement is made by Changmao Biochemical Engineering Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that having assessed the currently available information, the Group is likely to record a consolidated net profit attributable to the shareholders of the Company for the six months ended 30 June 2023 of less than RMB5,000,000, which represents a significant decline as compared with the consolidated net profit attributable to the shareholders of the Company of approximately RMB40,880,000 for the six months ended 30 June 2022.

**For identification purpose only*

The Board believes that the Group's financial performance for the six months ended 30 June 2023 has been mainly affected by:

- (1) decrease in sales revenue due to the decrease in product selling prices and the weakening demand on export; and
- (2) the Group's new production plant in Dalian City started operation in the fourth quarter of 2022. Its production lines are still under adjustment to achieve the targeted output and costs. It is not profitable yet and has a negative impact on the Group's overall gross profit margin. The Board expects that after the adjustments, the production lines of the Dalian plant will reach the planned production volume and costs, and its operating conditions will gradually improve, eventually becoming the growth point of the Group.

As the Company is still in the process of finalising the results of the Group for the six months ended 30 June 2023, the information contained in this announcement is a preliminary assessment by the Board with reference to the management accounts of the Group and the information currently available to the Company. Such information has not been audited or reviewed by the Company's auditor and/or the audit committee. Further details of the Group's performance will be disclosed when the Group's results for the six months ended 30 June 2023 are announced, which is expected to be on 18 August 2023.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Changmao Biochemical Engineering Company Limited*
Rui Xin Sheng
Chairman

The PRC, 1 August 2023

As at the date hereof, Mr. Rui Xin Sheng (Chairman) and Mr. Pan Chun are the executive directors of the Company, Mr. Zeng Xian Biao, Mr. Yu Xiao Ping, Mr. Wang Jian Ping and Ms. Leng Yi Xin are the non-executive directors of the Company, Mr. Zhou Zhi Wei, Mr. Shu Rong Xin and Ms. Cheng Mun Wah are the independent non-executive directors of the Company.

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