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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)

NEW PROJECT PLANNING – ETHYLENE PRODUCTION FACILITY WITH ONE MILLION METRIC TONNE ANNUAL PRODUCTION CAPACITY AND ETHYLENE OXIDE/ETHYLENE GLYCOL PRODUCTION FACILITY WITH ONE MILLION METRIC TONNE ANNUAL PRODUCTION CAPACITY

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 is pleased to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Group is considering a plan to construct Ethylene production facility with one million metric tonne annual production capacity and Ethylene Oxide/Ethylene Glycol production facility with one million metric tonne annual production capacity (“**New Project**”) in the China Chemical New Material Zone, which is located at the port area of Jiaxing City of Zhejiang Province, PRC, a place nearby the Group’s current production base. The planning of the upstream part of the New Project will be the Ethylene production facility with one million metric tonne annual production capacity, which will use ethane, naphtha and propane as its major inputs and it will be capable of adjusting the input ratio of ethane, naphtha and propane in response to the market prices of ethane, naphtha and propane for the purpose of mitigating the market risk and price fluctuation risk as to depending on one single feedstock. The planning of the downstream part of the New Project will be the Ethylene Oxide/Ethylene Glycol production facility with one million metric tonne annual production capacity, which will be capable of adjusting the output ratio of Ethylene Oxide and Ethylene Glycol in response to the market prices of Ethylene Oxide and Ethylene Glycol for the purpose of mitigating the price fluctuation risk as to depending on one single product in order to maximize the profitability.

The Board is planning to work on financing arrangements and related approvals and licenses for the New Project. The Board expects that the China-US trade issue will not have material impacts on the New Project.

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

People’s Republic of China, 29 September 2019

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.