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三江化工
SANJIANG CHEMICAL

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)

**PARTIAL EXERCISE OF OVER-ALLOTMENT OPTION,
STABILISING ACTIONS
AND
END OF STABILISATION PERIOD**

The Company makes this announcement pursuant to section 9(2) of the Securities and Futures (Price Stabilising) Rules (Cap. 571W of the Laws of Hong Kong) and announces that the stabilisation period in connection with the Global Offering ended on 8 October 2010, being the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. Stabilising actions have taken place during the stabilisation period. During the stabilisation period, the Over-allotment Option has been partially exercised by the Sole Global Coordinator on behalf of the International Underwriters on 8 October 2010 in respect of an aggregate of 13,000,000 Shares, representing approximately 5.15% of the Offer Shares initially available under the Global Offering before any exercise of the Over-allotment Option, to cover over-allocations in the International Placing.

The 13,000,000 Shares will be allotted and issued by the Company at HK\$3.38 per Share (excluding brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%), being the final Offer Price in connection with the Global Offering.

Reference is made to the prospectus of the Company dated 3 September 2010 (the “**Prospectus**”). Unless otherwise defined herein, terms used in this announcement shall have the same meanings as those defined in the Prospectus.

PARTIAL EXERCISE OF THE OVER-ALLOTMENT OPTION

The Company announces that the Over-allotment Option referred to in the Prospectus has been partially exercised by the Sole Global Coordinator on behalf of the International Underwriters on 8 October 2010 in respect of an aggregate of 13,000,000 Shares (the “**Over-allotment Shares**”), representing approximately 5.15% of the Offer Shares initially available under the Global Offering before any exercise of the Over-allotment Option, to cover over-allocations in the International Placing.

The Over-allotment Shares will be allotted and issued by the Company at HK\$3.38 per Share (excluding brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%), being the final Offer Price in connection with the Global Offering.

Approval of the listing of and permission to deal in the Over-allotment Shares has already been granted by the Listing Committee of the Stock Exchange. Dealings in the Over-allotment Shares are expected to commence on the Main Board of the Stock Exchange at 9:30 a.m. on 12 October 2010.

As shown in the shareholding structure of the Company set out below, immediately before and after the allotment and issue of the Over-allotment Shares by the Company, the number of Shares held by the public would represent at least 25% of the total issued share capital of the Company.

The shareholding structure of the Company immediately before and after the allotment and issue of the Over-allotment Shares by the Company are as follows:

<i>Name of Shareholder</i>	Immediately before the allotment and issue of the Over-allotment Shares		Immediately after the allotment and issue of the Over-allotment Shares and return of all borrowed Shares to BOCOM Holdings	
	<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>	<i>Number of Shares</i>	<i>Approximate percentage of shareholding</i>
Sure Capital	459,375,000	45.51%	459,375,000	44.94%
Ordinary Shares Investors	44,100,000	4.37%	44,100,000	4.31%
Preference Shares Investors	88,200,000	8.74%	88,200,000	8.63%
New Investors	146,176,800	14.48%	146,176,800	14.30%
Pasicue	19,051,200	1.89%	19,051,200	1.86%
Public	252,400,000	25.01%	265,400,000	25.96%
Total	1,009,303,000	100.00%	1,022,303,000	100.00%

The additional net proceeds to be received by the Company upon allotment and issue of the Over-allotment Shares are estimated to be approximately HK\$41.96 million. Please refer to the section headed “Future Plans and Use of Proceeds – Use of Proceeds” in the Prospectus for details of the intended use of the additional net proceeds.

The Company continues to comply with the public float requirements under Rule 8.08(1) (a) of the Listing Rules. No new Shares or securities convertible into equity securities of the Company will be issued within six months from the Listing Date save for the situations set out in Rule 10.08 of the Listing Rules.

STABILISING ACTIONS AND END OF STABILISATION PERIOD

Pursuant to section 9(2) of the Securities and Futures (Price Stabilising) Rules (Cap. 571W of the Laws of Hong Kong), the Company announces that the stabilisation period in connection with the Global Offering ended on 8 October 2010, being the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering.

The stabilising actions that have been taken by the Sole Global Coordinator, or any person acting for it, during the stabilisation period were:

- (1) over-allocations of an aggregate of 37,860,000 Shares in the International Placing, representing 15% of the number of Offer Shares initially available under the Global Offering before any exercise of the Over-allotment Option;
- (2) the borrowing of an aggregate of 37,860,000 Shares by the Sole Global Coordinator from BOCOM Holdings pursuant to the Stock Borrowing Agreement to cover over-allocations in the International Placing;
- (3) successive market purchases of an aggregate of 24,860,000 Shares in the price range of HK\$2.92 to HK\$3.38 per Share (excluding brokerage of 1%, SFC transaction levy of 0.003%/0.004%^(Note) and Stock Exchange trading fee of 0.005%), representing approximately 9.85% of the Offer Shares initially offered under the Global Offering before any exercise of the Over-allotment Option, during the stabilisation period. These Shares will be returned to BOCOM Holdings pursuant to the Stock Borrowing Agreement; and
- (4) the partial exercise of the Over-allotment Option in respect of an aggregate of 13,000,000 Over-allotment Shares on behalf of the International Underwriters on 8 October 2010 to cover the said over-allocations.

Note: The SFC transaction levy was changed from 0.004% to 0.003% on 1 October 2010.

The last purchase in the course of the stabilisation period in the open market was made on 8 October 2010 at the price of HK\$3.19 per Share (excluding brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%).

By order of the Board
China Sanjiang Fine Chemicals Company Limited
GUAN Jianzhong
Chairman and Executive Director

Hong Kong, 8 October 2010

As at the date of this announcement, the executive Directors are Mr. GUAN Jianzhong, Ms. HAN Jianhong, Mr. NIU Yingshan and Mr. HAN Jianping; and the independent non-executive Directors are Mr. WANG Wanxu, Mr. SHEN Kaijun and Mr. LI Zhihong.