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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)

ADOPTION OF SHARE AWARD PLAN

The Board announces that the Company approved a share award plan at a Board meeting held on 21 March 2011. The Plan has become effective on 31 March 2011. The purposes of the Plan are to recognize and reward the contribution of Eligible Employees, to give incentives to Eligible Employees for contributing to the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Any employee (whether full time or part time, including any Director) of the Group or any Invested Entity are eligible to participate in the Plan.

The Plan does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

At a Board meeting of the Company held on 21 March 2011, the Company approved the Plan which has become effective on 31 March 2011. A summary of the principal terms of the Plan is set out in this announcement.

Purposes of the Plan

The purposes of the Plan are to recognise and reward the contribution of Eligible Employees to the growth and development of the Group, to give incentives to Eligible Employees in order to retain them for contributing to the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

The rules constituting the Plan were signed on behalf of the Company on 31 March 2011 (on which the Plan has become effective) and the Trust Deed was also entered into between the Company as settlor and Teeroy Limited as Trustee on 31 March 2011. To the best of the Director's knowledge, information and belief having made

all reasonable enquiries, each of Teeroy Limited and its ultimate beneficial owner is an Independent Third Party.

Eligibility

Under the rules constituting the Plan, the Eligible Employees are any employee (whether full time or part time, including any executive Director) of the Company, any subsidiary or any Invested Entity. The awardees for the Shares under the Plan and the number of Shares entitled by each awardee shall be recommended by and subject to the approval of the Board. The eligibility of the awardees under the Plan shall be determined by the Board from time to time by reference to an Eligible Employee's contribution and/or future contribution to the development and growth of the Group, taking into account factors such as ranking, performance, term of service and potential for future development of the Group.

Shares Pool

The Shares Pool shall comprise of the following:

1. such Shares as may be (i) transferred to the Trustee from any person (other than the Group) by way of gift, or (ii) purchased by the Trustee on the Stock Exchange by utilising the funds received by the Trustee from any person (other than the Group) by way of gift;
2. such Shares as may be purchased by the Trustee on the Stock Exchange or off the market by utilising the funds allocated by the Board out of the Company's resources;
3. such Shares as may be subscribed for at par value by the Trustee by utilising the funds allocated by the Board out of the Company's resources; and
4. such Shares which remain unvested and revert to the Trustee due to the lapse of the Award.

The Trustee may purchase the Shares on the Stock Exchange at the prevailing market price, or off the market. In the event that the Trustee effects any purchases by off-market transactions, the purchase price for such purchases shall not be higher than the lower of the following: (i) the closing market price on the date of such purchase, and (ii) the average closing market price for the five preceding trading days on which the Shares were traded on the Stock Exchange.

Award of Shares

The Board (or the Plan Administrator, as the case may be) shall, subject to and in accordance with these rules of the Plan, be entitled to make an Award out of the Shares Pool to a Selected Employee such number of Shares as it shall determine pursuant to the Plan.

The Board (or the Plan Administrator, as the case may be) will make Award of Shares only to the extent of unallocated Shares (i.e. Shares not being subject to any Award)

available under the Shares Pool. The Board (or the Plan Administrator, as the case may be) shall notify the Trustee in writing upon the making of an Award under the Plan by giving the Trustee an award notice. The Trustee shall then set aside such number of Shares awarded from the Shares Pool and hold the same (excluding any dividends declared in respect of such Shares) on trust pending the vesting of the same to the Selected Employee.

After an Award is made, the Board (or the Plan Administrator, as the case may be) shall notify the Selected Employee who may decline to accept such Award by notifying the Company in writing. Unless so declined by the Selected Employee within a prescribed period, the Award shall be deemed irrevocably accepted by the Selected Employee.

Voting rights of the Shares in the Shares Pool

The Trustee shall not exercise the voting rights in respect of the Shares held under trust, including without limitations the Shares provisionally awarded under the Plan and Shares in the Shares Pool. The Selected Employees shall not have any right to receive any Awarded Shares set aside for them unless and until the Trustee has transferred and vested the legal and beneficial ownership of such Awarded Shares to and in the Selected Employees.

Equity issue

During the period after an Award has been made and before the Shares are vested on the Selected Employee, if the Company offers to Shareholders new Shares for subscription by way of rights, options or warrants and no amount is required to be payable by the Shareholders, the Trustee may, at its discretion and after consulting the Board (or the Plan Administrator, as the case may be), either sell or take steps to exercise such any nil-paid rights, options or warrants allocated to it in respect of the Awarded Shares. The net proceeds of such sale (if so sold) shall be applied to subscription for and/or purchase of Shares for the Shares Pool. On the other hand, if the Company offers to the Shareholders new Shares for subscription by way of rights, options, warrants or other open or preferential offer and consideration is required to be paid, the Trustee may, at its discretion and after consulting the Board (or the Plan Administrator, as the case may be), either decline to or take steps to take up, purchase and/or subscribe for such rights, options, warrants or open or preferential offer. In case of a general or partial offer is made to all the Shareholders, and such offer becomes or is declared unconditional prior to the vesting of the Awarded Shares in the relevant Selected Employees, the Board (or the Plan Administrator, as the case may be) shall have the right to determine whether the Trustee shall elect to accept such offer. If the offer is so elected to be accepted, all proceeds paid or payable to the Trustee by reason of such acceptance shall be held by the Trustee for the benefit of the relevant Selected Employee and be payable to the relevant Selected Employee on the date of vesting of the Awarded Shares.

Vesting of the Awarded Shares

The Board (or the Plan Administrator, as the case may be) may from time to time, at its discretion, determine the earliest Vesting Date and other subsequent date(s), if any,

upon which the Awarded Shares held by the Trustee upon the Trust and which are referable to a Selected Employee shall vest in that Selected Employee. For the avoidance of doubt, the Selected Employee shall remain at all times after the Reference Date and on each of the Vesting Date(s) an employee of the Group. Where the Vesting Date falls on a date when a price sensitive event has occurred, or a price sensitive matter has been the subject of a decision and has not been published in accordance with the Listing Rules, or during the Black-out Period, the Vesting Date shall be postponed accordingly to, as the case may be, after no such price sensitive event exists, or after such price sensitive event has been properly announced, or after the expiry of the Black-out Period.

Black-out Period

The Board or the Plan Administrator will keep communication with the Trustee to ensure that no Shares will be acquired for increasing the Shares in the Shares Pool after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in accordance with the Listing Rules. In particular, during the Black-out Period, no Shares may be acquired for increasing the number of Shares in the Shares Pool.

In addition, the Board (or the Plan Administrator, as the case may be) shall not make any Award after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in accordance with the Listing Rules. In particular, during the Black-out Period, no Award may be made.

Lapse of Award

An Award (or, as the case may be, the relevant part of an Award) shall, under the following circumstances and subject to the terms of the Plan, automatically lapse forthwith and all the Shares awarded shall become Returned Shares:

1. the Selected Employee ceases to be an Eligible Employee;
2. the subsidiary of the Company by which a Selected Employee is employed ceases to be a member of the Group;
3. an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company;
4. a Selected Employee is found to be an Excluded Employee; or
5. a Selected Employee fails to return the duly executed transfer documents to the Trustee for the relevant Shares awarded under the Plan on time.

Size of the Plan

The maximum amount of the contribution from the Group to be allocated to the Trustee for purchasing and/or subscribing for Shares for the Shares Pool is initially set at HK\$20 million for the financial year ending 31 December 2011, and thereafter such

maximum amount shall be determined by the Board in each subsequent year after having regard to all relevant circumstances and affairs of the Group. Notwithstanding the above, in any given financial year of the Company, the maximum number of Shares to be purchased by the Trustee shall not exceed 5% of the total number of issued Shares as at the beginning of such financial year.

Alteration of the Plan

The Plan may be altered by the prior sanction of a Board resolution together with the prior written consent of the Trustee.

Duration of the Plan and termination of the Plan

The Plan shall be valid and effective for a period of 50 years commencing from 31 March 2011 but may be terminated earlier as determined by the Board.

Upon termination of the Plan, if the Trustee holds any Shares which has not been set aside in favour of any Selected Employee or retains any unutilised funds previously received for the purpose of increasing the Shares in the Shares Pool, then the Trustee shall sell such Shares and remit the proceeds of sale (after making appropriate deductions in respect of stamp duty and other costs, liabilities and expenses in accordance with the Trust Deed) together with such unutilised funds to the Company. All the Shares already awarded under an Award shall become vested on the Selected Employee.

OTHER INFORMATION

The Plan does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“associate”	has the meaning ascribed to it under the Listing Rules
“Award”	a provisional award of Awarded Shares made in accordance with the Plan
“Awarded Shares”	the Share(s) provisionally awarded to a Selected Employee pursuant to an Award
“Black-out Period”	the period preceding the publication of financial results in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company and up to the date of publication of the relevant financial results

“Board”	the board of Directors
“Company”	China Sanjiang Fine Chemicals Company Limited (中國三江精細化工有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Eligible Employees”	any employee (whether full time or part time, including any executive Director) of the Group or any Invested Entity
“Excluded Employees”	any employee who is resident in a place where the award of the Shares and/or the award of the Returned Shares and/or the vesting and transfer of Shares pursuant to the terms of the Plan is not permitted under the laws and regulations of such place or where in the view of the Board or the Trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such employee
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	third party(ies) independent of and not connected or acting in concert with the Company and any of its connected persons (having the meaning ascribed to it under the Listing Rules) and are not connected persons of the Company
“Invested Entity”	any entity in which any member of the Group holds any equity interest
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Plan”	the share award plan of the Company, which has become effective on 31 March 2011, as altered from time to time
“Plan Administrator”	such person(s) / company(ies) which has been delegated by the Board with the relevant power and authority to render supports in all aspects to the Board in connection with the implementation of the Plan, and which, as at the date of this announcement, comprises of Mr. Guan Jianzhong, an executive Director
“Reference Date”	the date of final approval by the last of the Remuneration Committee or the Board, as the case may be, of the total

	number of Shares to be awarded to a Selected Employee in a single occasion pursuant to the Plan
“Remuneration Committee”	the remuneration committee of the Company for the time being
“Returned Shares”	such Shares awarded under an Award in respect thereof which are not vested and/or forfeited in accordance with the terms of the Plan
“Selected Employees”	any Eligible Employee for whom Shares have been provisionally set aside pursuant to an Award
“Shares”	shares of HK\$0.01 each in the capital of the Company
“Shareholders”	holders of the Shares
“Shares Pool”	the pool of Shares from which the Award shall be made
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust Deed”	the trust deed dated 31 March 2011 entered into between the Company as settlor and Teeroy Limited as Trustee for governing, among other matters, the duties and powers of the Trustee, as restated, supplemented and amended from time to time
“Trustee”	the trustee under the Trust Deed which as at the date of this announcement is Teeroy Limited, a company incorporate in Hong Kong
“Vesting Date”	In relation to any Selected Employee, the date on which the legal and beneficial ownership of the Awarded Shares are transferred to and vested in such Selected Employee pursuant to an Award

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

Hong Kong, 8 April 2011

As at the date of this announcement, the Board comprises the Executive directors: Mr. GUAN Jianzhong, Ms. HAN Jianhong, Mr. NIU Yingshan, Mr. HAN Jianping and Independent non-executive directors: Mr. WANG Wanxu, Mr. SHEN Kaijun and Mr. LI Zhihong.