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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)

**CLARIFICATION ANNOUNCEMENT -
CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the two announcements of China Sanjiang Fine Chemicals Company Limited (the “**Company**”) dated 24 January 2018 in relation to both the entering into of the Desalinated Water and Miscellaneous Materials Supply Agreements by each of Sanjiang Chemical and Sanjiang New Material and Jiahua Energy Chemical Co for a period of approximately three years ending 31 December 2020 (the “**Agreement(s) #1**”) and the entering into of the Desalinated Water and Miscellaneous Materials Supply Agreement by Xing Xing and Jiahua Energy Chemical Co for a period of approximately three years ending 31 December 2020 (the “**Agreement(s) #2**”) (the “**Announcements**”). Unless otherwise defined, capitalized terms used in this announcement have the same meanings as those defined in the Announcements.

With reference to the paragraph “**Implications of the Listing Rules**” of the Announcements, the Company wishes to supplement that as Agreement(s) #1 and Agreement(s) #2 (i) were entered into between members of the Group, as purchaser, and a connected person (i.e. Jiahua Energy Chemical Co), as supplier; and (ii) are of similar nature and shall be aggregated pursuant to Rule 14A.81 of the Listing Rules and the aggregated annual caps of Agreement(s) #1 and Agreement(s) #2 for the approximately three years ending 31 December 2020 are RMB26,000,000, RMB26,400,000 and RMB26,850,000 respectively. Given that the relevant applicable percentage ratios in respect of the aggregated proposed annual caps are more than 0.1% but less than 5%, the transactions contemplated under Agreement(s) #1 and Agreement(s) #2 are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules, which is the same conclusion in terms of the listing rule requirements to only report, announce and review annually that the Company previously assessed and announced.

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

The PRC, 29 January 2018

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.