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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)

**POSITIVE PROFIT ALERT
FOR THE YEAR ENDED 31 DECEMBER 2011**

This announcement is made by China Sanjiang Fine Chemicals Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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 Company expects its net profit attributable to equity holders for the year ended 31 December 2011 will increase by approximately 50% as compared to net profit attributable to equity holders of the Company of approximately RMB266.1 million for the year ended 31 December 2010.

The expected increase in net profit attributable to equity holders of the Company for the year ended 31 December 2011 was primarily attributable to (i) the increase in production capacity and sales volume after the commencement of commercial operation of the third phase ethylene oxide production facilities on 24 May 2011; and (ii) the decrease in net finance costs as a result of the improvement of the Group’s overall cash position and gearing after its listing on the Stock Exchange on 16 September 2010.

The information contained in this announcement is only based on a preliminary assessment made by the management of the Group with reference to the unaudited management accounts of the Group for the year ended 31 December 2011, which have not been audited or reviewed by the Company’s auditors and are subject to possible adjustments. The Group’s audited final results for the year ended 31 December 2011 are expected to be announced in the middle of March 2012.

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, 7 February 2012

As at the date of this announcement, the Board comprises four executive Directors: Mr. GUAN Jianzhong, Ms. HAN Jianhong, Mr. NIU Yingshan, Mr. HAN Jianping and three independent non-executive Directors: Mr. WANG Wanxu, Mr. SHEN Kaijun and Mr. MUI Ho Cheung, Gary.