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If you have sold or transferred all your shares in **China Sanjiang Fine Chemicals Company Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
PROPOSED RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A notice convening the AGM to be held at Worldwide Executive Centre, Level 10, World-wide House, 19 Des Voeux Road Central, Hong Kong on 27 April 2012 at 10:00 a.m. is set out on pages 15 to 20 of this circular.

Whether or not you intend to attend the AGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

23 March 2012

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held at Worldwide Executive Centre, Level 10, World-wide House, 19 Des Voeux Road Central, Hong Kong on 27 April 2012 at 10:00 a.m., the notice of which is set out on pages 15 to 20 of this circular, and any adjournment thereof
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associates”	has the same meaning as defined under the Listing Rules
“Board”	the board of Directors
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	China Sanjiang Fine Chemicals Company Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the General Mandate
“General Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution at the AGM
“Group”	the Company and its subsidiaries

DEFINITIONS

“Hangzhou Haoming”	杭州浩明投资有限公司 (Hangzhou Haoming Investment Co., Ltd.*) (formerly known as 杭州蕭山三江精細化工有限公司 (Hangzhou Xiaoshan Sanjiang Fine Chemicals Co., Ltd.)) and 蕭山市三江精細化工有限公司 (Xiaoshan City Sanjiang Fine Chemicals Co., Ltd.*), a company established in the PRC with limited liability on 26 March 1998, and owned as to 60% by Mr. Guan and 20% by each of Ms. Han and Mr. Han
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	19 March 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Guan”	Mr. Guan Jianzhong, an executive Director, Chairman of the Board and a founder of the Group
“Ms. Han”	Ms. Han Jianhong, an executive Director and a founder of the Group
“Mr. Han”	Mr. Han Jianping, an executive Director
“PRC”	the People’s Republic of China
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to enable them to repurchase Shares, the aggregate nominal amount of which shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution at the AGM
“RMB”	Reminbi, the lawful currency of PRC

DEFINITIONS

“Sanjiang Chemical”	三江化工有限公司 (Sanjiang Chemical Co., Ltd.*), formerly known as 嘉興三江化工有限公司(Jiaxing Sanjiang Chemical Co., Ltd.*), a company established in the PRC with limited liability on 9 December 2003, and an indirect wholly-owned subsidiary of the Company
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Yongming Petrochemical”	嘉興永明石化有限公司 (Jiaxing Yongming Petrochemical Co., Ltd.*), a company established in the PRC with limited liability on 9 December 2003, and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

If there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of names or any descriptions in Chinese which are marked with “” is for identification purpose only.*



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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)

Executive Directors:

Mr. Guan Jianzhong

Ms. Han Jianhong

Mr. Niu Yingshan

Mr. Han Jianping

Registered office:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent non-executive Directors:

Mr. Wang Wanxu

Mr. Shen Kaijun

Mr. Mui Ho Cheung, Gary

Principal place of business

in Hong Kong:

Room 601-602, Infinitus Plaza

199 Des Voeux Road Central

Sheung Wan

Hong Kong

23 March 2012

To the Shareholders

Dear Sir or Madam

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
AND
PROPOSED RE-ELECTION OF DIRECTORS**

INTRODUCTION

The primary purpose of this circular is to provide you with information regarding the resolutions to be proposed at the AGM and to give you notice of the AGM. Resolutions to be proposed at the AGM include, inter alia: (a) ordinary resolutions on the proposed grant of each of the General Mandate, the Repurchase Mandate and the Extension Mandate; and (b) ordinary resolutions relating to the proposed re-election of the Directors.

LETTER FROM THE BOARD

GRANT OF GENERAL MANDATE, REPURCHASE MANDATE AND EXTENSION MANDATE

Pursuant to the resolutions passed by Shareholders on 9 May 2011, the Directors were granted (a) a general unconditional mandate to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of Shares in issue as at the date of passing the relevant resolution in such annual general meeting; (b) a general unconditional mandate to repurchase Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the Shares in issue as at the date of passing the relevant resolution in such annual general meeting; and (c) the power to extend the general mandate mentioned in (a) above by an amount representing the aggregate nominal amount of the Shares of the Company repurchased by the Company pursuant to the mandate to repurchase Shares referred to in (b) above.

The above general mandates will expire at the conclusion of the AGM. At the AGM, the following resolutions, among other matters, will be proposed:

- (a) to grant the General Mandate to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with the Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of such resolution. On the assumption that 1,006,640,000 Shares in issue as at the Latest Practicable Date and assuming no Shares will be issued or repurchased prior to the AGM, the maximum number of Shares to be allotted and issued pursuant to the General Mandate will be 201,328,000;
- (b) to grant the Repurchase Mandate to the Directors to enable them to repurchase the Shares on the Stock Exchange up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of such resolution; and
- (c) to grant the Extension Mandate to the Directors to increase the total number of Shares which may be allotted and issued under the General Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate.

Each of the General Mandate, the Repurchase Mandate and the Extension Mandate will expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company following the AGM; (b) the date by which the next annual general meeting is required by the Companies Law or the Articles of Association to be held; or (c) when the authority given to the Directors thereunder is revoked or varied by ordinary resolution(s) of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

The Directors wish to state that they have no immediate plans to allot and issue any new Shares other than such Shares which may fall to be allotted and issued upon the exercise of any options granted under the share option scheme of the Company.

LETTER FROM THE BOARD

Under the Listing Rules, the Company is required to give the Shareholders all information which is reasonably necessary to enable the Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the Repurchase Mandate at the AGM. An explanatory statement for such purpose is set out in Appendix I to this circular.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlement to, among others, the final dividend for the year ended 31 December 2011, the register of members of the Company will be closed from Friday, 4 May 2012 to Monday, 7 May 2012 (both dates inclusive) during which no transfer of Shares may be effected.

Shareholders are reminded that in order to qualify for, among others, the final dividend for the year ended 31 December 2011, all transfer of Shares accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, the Hong Kong branch share registrar of the Company for registration no later than 4:30 p.m. on Thursday, 3 May 2012.

PROPOSED RE-ELECTION OF DIRECTORS

Pursuant to article 105 of the Articles of Association, one-third of the Directors shall retire from office by rotation at each annual general meeting of the Company. Mr. Han Jianping, Mr. Wang Wanxu and Mr. Shen Kaijun shall retire from office by rotation at the AGM and, being eligible, offer themselves for re-election as Directors at the AGM. Pursuant to article 109 of the Articles of Association, Mr. Mui Ho Cheung, Gary shall retire from office and, being eligible, shall offer himself for re-election at the AGM.

Biographical information of each of the Directors who are proposed to be re-elected at the AGM is set out in Appendix II to this circular.

ACTIONS TO BE TAKEN

Set out on pages 15 to 20 of this circular is a notice convening the AGM at which ordinary resolutions will be proposed to approve, among other matters, the following:

- (a) the proposed grant of the General Mandate, Repurchase Mandate and Extension Mandate; and
- (b) the proposed re-election of Directors.

Whether or not you are able to attend the AGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

VOTING AT THE AGM

All resolutions at the AGM shall be conducted by way of poll, and the results of the AGM will be announced by the Company in compliance with the Listing Rules.

RECOMMENDATIONS

The Board considers that the ordinary resolutions in respect of the proposed grant of the General Mandate, Repurchase Mandate and Extension Mandate and the proposed re-election of Directors to be proposed at the AGM are in the best interests of the Company and the Shareholders as a whole and recommends the Shareholders to vote in favour of such resolutions at the AGM.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully
By order of the Board
China Sanjiang Fine Chemicals Company Limited
Guan Jianzhong
Chairman

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the grant of the Repurchase Mandate to the Directors.

1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange and any other stock exchange on which securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchases of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general mandate or by specific approval of a particular transaction.

2. SHARE CAPITAL

As at the Latest Practicable Date, there were a total of 1,006,640,000 Shares in issue.

The Repurchase Mandate will enable the Directors to repurchase the Shares on the Stock Exchange up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing the relevant ordinary resolution in the AGM. Subject to the passing of the proposed resolution granting the Repurchase Mandate and assuming that no Shares will be issued or repurchased prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 100,664,000 Shares.

3. REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

4. FUNDING OF REPURCHASES

Repurchases made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association, the Articles of Association, the Companies Law, other applicable laws of the Cayman Islands and the Listing Rules. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Companies Law, repurchases by the Company may only be made out of the profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose, or, if so authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value

of the Shares to be purchased must be provided for out of profits of the Company or out of the Company's share premium account, or, if so authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital.

5. GENERAL

There might be a material adverse impact on the working capital and/or gearing position of the Company as compared with the position disclosed in the most recent published audited accounts, in the event that the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

6. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the 12 calendar months immediately preceding the Latest Practicable Date are as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2011		
March 2011	3.050	2.020
April 2011	3.480	2.820
May 2011	3.550	2.580
June 2011	2.960	2.350
July 2011	2.980	2.650
August 2011	2.840	2.310
September 2011	2.660	1.980
October 2011	2.470	1.890
November 2011	2.460	2.140
December 2011	2.350	1.820
January 2012	2.140	1.800
February 2012	2.980	2.020
March (up to the Latest Practicable Date)	3.000	2.600

7. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases under the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Cayman Islands and in accordance with the regulations set out in the memorandum of association of the Company and the Articles of Association.

8. CONNECTED PERSON

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company under the Repurchase Mandate if the same is approved by the Shareholders.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she has a present intention to sell Shares to the Company, or has any such connected person undertaken not to do so, in the event that the grant of Repurchase Mandate to the Directors is approved by the Shareholders.

9. THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If on exercise of the powers of repurchase pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert (as defined in the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Mr. Guan beneficially owned 990,000 Shares, representing approximately 0.1% of the existing issued Shares and Sure Capital Holdings Limited ("**Sure Capital**") beneficially owned 467,886,000 Shares, representing approximately 46.39% of the existing issued Shares. The entire issued ordinary shares of Sure Capital are owned as to approximately 84.71% by Mr. Guan, Chairman of the Board and an executive Director, and approximately 15.29% by Ms. Han, the spouse of Mr. Guan and an executive Director. By virtue of the SFO, Mr. Guan is deemed to be interested in the Shares held by Sure Capital and Ms. Han is deemed to be interested in the Shares in which Mr. Guan is interested for the purposes of Divisions 2 and 3 of Part XV of the SFO.

In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate, the shareholding of Sure Capital in the Company would be increased to approximately 51.75% of the issued Shares and such increase would result in Sure Capital becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors have no intention to exercise the Repurchase Mandate to such an extent that would result in Sure Capital becoming obliged to make such a mandatory offer or the number of Shares which are in the hands of public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules). Save as aforesaid, the Directors are not aware of any consequence which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

10. SHARE REPURCHASE MADE BY THE COMPANY

In the six months preceding the date of this circular, the Company had repurchased its Shares on the Stock Exchange or through private arrangement as follows:

Date of Repurchase	Number of Shares	Price per Share	
		Highest HK\$	Lowest HK\$
28-Sep-11	84,000 (on the Stock Exchange)	2.09	2.09
30-Sep-11	317,000 (on the Stock Exchange)	2.09	2.05
03-Oct-11	3,157,000 (on the Stock Exchange)	2.04	2.00
04-Oct-11	803,000 (on the Stock Exchange)	2.00	1.89
06-Oct-11	1,565,000 (on the Stock Exchange)	2.06	2.03
07-Oct-11	465,000 (on the Stock Exchange)	2.11	2.10
10-Oct-11	1,033,000 (on the Stock Exchange)	2.15	2.13
11-Oct-11	37,000 (on the Stock Exchange)	2.16	2.15
12-Oct-11	55,000 (on the Stock Exchange)	2.21	2.16
14-Oct-11	387,000 (on the Stock Exchange)	2.21	2.18
17-Oct-11	160,000 (on the Stock Exchange)	2.30	2.29
18-Oct-11	1,500,000 (on the Stock Exchange)	2.23	2.21
08-Dec-11	4,085,000 (through private arrangement)	2.25	2.25
03-Jan-12	651,000 (on the Stock Exchange)	1.83	1.81
05-Jan-12	292,000 (on the Stock Exchange)	1.87	1.86
06-Jan-12	535,000 (on the Stock Exchange)	1.85	1.83
10-Jan-12	500,000 (on the Stock Exchange)	1.93	1.89
11-Jan-12	37,000 (on the Stock Exchange)	1.95	1.93

Save as disclosed above, the Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

The following sets out the biographical information of the Directors eligible for re-election at the AGM:

EXECUTIVE DIRECTORS

HAN Jianping (韓建平), aged 40, is an executive Director. He is primarily responsible for the sales, procurement, research and development of the Group. Mr. Han has over 20 years of experience in the chemical industry. Prior to joining the Group, Mr. Han was employed at Hangzhou Electrochemical Group Co., Ltd. (杭州電化集團有限公司) from 1991 to 1998, where he served as a production section leader and was primarily engaged in production related work in the workshop. In 1998, Mr. Han, together with Mr. Guan and Ms. Han, established Hangzhou Haoming, and has since served as a deputy general manager. Mr. Han was also appointed as an executive director for both Sanjiang Chemical and Yongming Petrochemical in 2007 and 2009 respectively. Mr. Han is the brother of Ms. Han Jianhong, an executive Director, and the brother-in-law of Mr. Guan Jianzhong, an executive Director. Mr. Han was appointed as executive Director on 24 August 2010.

Mr. Han has entered into a service agreement with the Company for a term of three years commencing from 1 September 2010 and until terminated by not less than three months' notice in writing served by either party on the other. Under the service agreement, Mr. Han is currently entitled to an annual salary of RMB400,000. The emolument of Mr. Han has been determined by the Board with reference to his duties, responsibilities and contribution to the Group. In addition, Mr. Han is entitled to a discretionary management bonus in such amount to be determined by the Board and on the condition that the aggregate amount of bonuses payable to all the executive Directors for any financial year of the Company shall not exceed 5% of the audited consolidated or combined net profit attributable to the Shareholders (after taxation and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

WANG Wanxu (王萬緒), aged 52, is an independent non-executive Director. Mr. Wang graduated with a bachelor's degree in science from Shanxi University (山西大學) in 1982 and completed a master's degree in business administration from Xi'an Jiaotong University (西安交通大學) in 2004. Mr. Wang has extensive experience as an engineer and about 28 years of experience in the chemical industry. Mr. Wang is currently the dean of the China Research Institute of Daily Chemical Industry (中國日用化學工業研究院), a surfactant and detergent industry specialised research institute which he joined in August 1982 and where he has worked for about 28 years. In June 2004, Mr. Wang joined Sinolight Corporation (中國輕工集團公司) and has since served as a president assistant. Mr. Wang was appointed as an independent non-executive Director on 24 August 2010.

Mr. Wang has entered into a service contract with the Company for a term of two years commencing from 1 September 2010 and until terminated by not less than three months' notice in writing served by either party on the other. Under the service agreement, Mr. Wang is currently entitled to an annual salary of HK\$120,000. The emolument of Mr. Wang has been determined by the Board with reference to his duties, responsibilities and contribution to the Group.

SHEN Kaijun (沈凱軍), aged 44, is an independent non-executive Director. Mr. Shen graduated with a bachelor's degree in accounting from Hangzhou Institute of Electronic Engineering (杭州電子工業學院) in 1995 and was admitted as a certified public accountant in China in December 1993. Mr. Shen was further awarded the qualifications as a licensed certified accountant to engage in securities-related businesses in July 1997 and a certified tax agent in June 2000. Mr. Shen has over 21 years of experience in accounting and corporate management. Mr. Shen had served as audit assistant, vice-supervisor, supervisor, and assistant to the head of Jiaying Certified Public Accountants Co., Ltd. (嘉興會計師事務所) from 1988 to 1998 and as chairman of the board of directors and general manager of Jiaying Zhongming Certified Public Accountants Co., Ltd. (嘉興中明會計師事務所有限公司) from 1999 to 2008. He is currently the chairman of the board of directors and the general manager of Zhejiang Zhongming Certified Public Accountants Co., Ltd. (浙江中銘會計師事務所有限公司) and an independent director of Zhejiang Jiaxin Silk Corp., Ltd. (浙江嘉欣絲綢股份有限公司). Mr. Shen was appointed as an independent non-executive Director on 24 August 2010.

Mr. Shen has entered into a service contract with the Company for a term of two years commencing from 1 September 2010 and until terminated by not less than three months' notice in writing served by either party on the other. Under the service agreement, Mr. Shen is currently entitled to an annual salary of HK\$120,000. The emolument of Mr. Shen has been determined by the Board with reference to his duties, responsibilities and contribution to the Group.

MUI Ho Cheung, Gary (梅浩彰), aged 37, is an executive director and the head of initial public offerings and capital markets of Quam Capital Limited ("**Quam Capital**") and also the registered staff on behalf of Quam Capital for Type 6 regulated activity of the SFO. Mr. Mui joined Quam Capital in early 2009. Mr. Mui has over 15 years of experience in the fields of finance and investment banking. Mr. Mui holds a bachelor's degree in accounting and finance from the University of New South Wales and is a member of CPA Australia.

Mr. Mui has entered into a service agreement with the Company for a term of two years commencing from 15 May 2011 and until terminated by not less than three months' notice in writing served by either party on the other. Under the service agreement, Mr. Mui is currently entitled to an annual salary of HK\$240,000. The emolument of Mr. Mui has been determined by the Board with reference to his duties and experience.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders in relation to the re-election of each of Mr. Han, Mr. Wang, Mr. Shen and Mr. Mui and there is no information which is discloseable nor is/was Mr. Han, Mr. Wang, Mr. Shen and Mr. Mui involved in any matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.



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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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of China Sanjiang Fine Chemicals Company Limited ("**Company**") will be held at Worldwide Executive Centre, Level 10, World-wide House, 19 Des Voeux Road Central, Hong Kong on 27 April 2012 at 10:00 a.m. for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive and approve the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors ("**Directors**") and the auditors of the Company for the year ended 31 December 2011.
2. To declare a final dividend of HK9.5 cents per share of HK\$0.1 each in the Company for the year ended 31 December 2011.
3. To consider and approve, each as a separate resolution, if thought fit, the following resolutions:
 - (a) to re-elect Mr. Han Jianping as Director;
 - (b) to re-elect Mr. Wang Wanxu as Director;
 - (c) to re-elect Mr. Shen Kaijun as Director;
 - (d) to re-elect Mr. Mui Ho Cheung, Gary as Director;
 - (e) to authorise the board of Directors to fix the Directors' remuneration.
4. To re-appoint Ernst & Young as the auditors of the Company and authorise the Board to fix their remuneration.

NOTICE OF AGM

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions as ordinary resolutions (with or without modifications):

5. “THAT:

- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and all other applicable laws, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with the unissued shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares in the Company) which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares in the Company) which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on shares in the Company in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares in the Company shall not exceed the aggregate of:
 - (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and

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(bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal amount of any share capital of the Company purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

(d) for the purposes of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands or any other applicable law of the Cayman Islands to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution;

“Rights Issue” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares in the Company open for a period fixed by the directors of the Company to holders of shares in the Company whose names appear on the Company’s register of members on a fixed record date in proportion to their then holdings of shares in the Company (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

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6. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (c) below) of all powers of the Company to purchase shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (**“Stock Exchange”**) or any other stock exchange on which the shares in the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) (**“Companies Law”**) of the Cayman Islands and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares in the Company which may be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, **“Relevant Period”** means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law or any other applicable law of the Cayman Islands to be held; or
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”

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7. “**THAT** conditional on the passing of resolutions numbered 5 and 6 above, the general mandate granted to the directors of the Company pursuant to paragraph (a) of resolution numbered 5 above be and it is hereby extended by the addition to the aggregate nominal amount of the shares in the capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to or in accordance with such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company purchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 6 above.”

By order of the Board
China Sanjiang Fine Chemicals Company Limited
Guan Jianzhong
Chairman

Hong Kong, 23 March 2012

Principal place of business in Hong Kong:

Room 601–602, Infinitus Plaza
199 Des Voeux Road Central
Sheung Wan, Hong Kong

Notes:

1. A shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the meeting. A proxy need not be a member of the Company but must be present in person to represent him.
2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited (“**Branch Registrar**”) at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong no later than 48 hours before the time of the meeting or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude a shareholder from attending and voting in person at the meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. In the case of joint registered holders of a share in the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto or if more than one of such joint holders are present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

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5. For the purpose of determining the identity of shareholders who are entitled to attend and vote at the meeting and the entitlements to the proposed final dividend, the register of members will be closed from Monday, 23 April 2012 to Friday, 27 April 2012, both days inclusive and from Friday, 4 May 2012 to Monday, 7 May 2012, both days inclusive respectively, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the meeting and the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Branch Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 20 April 2012 and 4:30 p.m. on Thursday, 3 May 2012 respectively.
6. In relation to the proposed resolutions numbered 5 and 7 above, approval is being sought from the shareholders for the grant to the Directors of a general mandate to authorise the allotment and issue of shares under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"). The Directors have no immediate plans to issue any new shares other than shares which may fall to be issued under the share option scheme of the Company.
7. In relation to the proposed resolution numbered 6 above, the Directors wish to state that they will exercise the powers conferred thereby to purchase shares in circumstances which they deem appropriate for the benefit of the shareholders. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in a circular to the shareholders.

As at the date of this notice, 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. Mui Ho Cheung, Gary.