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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)

**SUPPLEMENTAL ANNOUNCEMENT TO ANNUAL REPORT AND
ADDITIONAL INFORMATION ON THE USAGE OF THE PROCEEDS
FROM THE PLACING OF NEW SHARES IN OCTOBER 2017**

Reference is made to the annual report (the “**Annual Report**”) of China Sanjiang Fine Chemicals Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2017 published by the Company on 19 April 2018. Capitalized terms used herein shall have the same meanings as those defined in the Annual Report.

In addition to the information disclosed in the Annual Report, the Board would like to provide additional information in relation to the placing of new shares under the general mandate which was completed on 17 October 2017 as follows:

Intended use of net proceeds as disclosed in the announcement of the Company dated 17 October 2017:	Actual use of the net proceeds up to 31 December 2017 and 30 June 2018, respectively	Unutilized amount of net proceeds as at 31 December 2017 and 30 June 2018 respectively, intended use of such unutilized net proceeds and expected timeline
Approximately HK\$435 million (equivalent to approximately RMB367.7 million), intended to be applied in the following manner:	<ul style="list-style-type: none"> — During the period from 17 October 2017 to 31 December 2017:- approximately RMB194.9 million — During the period from 1 January 2018 to 30 June 2018:- approximately RMB81.4 million 	<ul style="list-style-type: none"> — As at 31 December 2017:- approximately RMB172.8 million — As at 30 June 2018:- approximately RMB91.4 million — Intended use of such unutilized net proceeds:- No change in the intended use of net proceeds — Expected timeline:- Before or around 30 June 2019
(i) approximately RMB100 million for fine-tuning the production of the 5th Phase EO/EG production facilities;	<ul style="list-style-type: none"> — During the period from 17 October 2017 to 31 December 2017:- approximately RMB53.6 million — During the period from 1 January 2018 to 30 June 2018:- Nil 	<ul style="list-style-type: none"> — As at 31 December 2017:- approximately RMB46.4 million — As at 30 June 2018:- approximately RMB46.4 million — Intended use of such unutilized net proceeds:- No change in the intended use of net proceeds — Expected timeline:- Before or around 30 June 2019
(ii) approximately RMB160 million for the construction of another polypropylene production facility;	<ul style="list-style-type: none"> — During the period from 17 October 2017 to 31 December 2017:- approximately RMB33.6 million — During the period from 1 January 2018 to 30 June 2018:- approximately RMB81.4 million 	<ul style="list-style-type: none"> — As at 31 December 2017:- approximately RMB126.4 million — As at 30 June 2018:- approximately RMB45 million — Intended use of such unutilized net proceeds:- No change in the intended use of net proceeds — Expected timeline:- Before or around 30 June 2019

Intended use of net proceeds as disclosed in the announcement of the Company dated 17 October 2017:	Actual use of the net proceeds up to 31 December 2017 and 30 June 2018, respectively	Unutilized amount of net proceeds as at 31 December 2017 and 30 June 2018 respectively, intended use of such unutilized net proceeds and expected timeline
(iii) remaining balance as general working capital of the Group	<ul style="list-style-type: none"> — During the period from 17 October 2017 to 31 December 2017:- all remaining balance has been used as general working capital of the Group — During the period from 1 January 2018 to 30 June 2018:- N/A 	<ul style="list-style-type: none"> — As at 31 December 2017:- Nil — As at 30 June 2018:- Nil — Intended use of such unutilized net proceeds:- N/A — Expected timeline:- N/A

The proceeds from the placing of new shares were used and expected to be used according to the intentions previously disclosed in the announcement dated 17 October 2017.

RELATED PARTY TRANSACTIONS

The Company confirms that the related party transactions as disclosed in pages 113 to 118 of the Annual Report have complied with Rule 14A.72 such that the connected transactions and/or continuing connected transactions which did not fall under the *de minimis* transactions exemption were all stated and listed out in pages 30 to 37 of the Annual Report. Those connected transactions and/or continuing connected transactions which did fall under the *de minimis* transactions exemption were, on the other hand, fully exempt under Rule 14A.76 of the Listing Rules.

The supplementary information provided in this announcement does not affect other information contained in the Annual Report, and save as disclosed above, the contents of the Annual Report remain unchanged.

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

Hong Kong, 6 August 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.