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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)**

**PROFIT WARNING  
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

This announcement is made by China Sanjiang Fine Chemicals Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes 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 six months ended 30 June 2014 will decrease substantially by more than 50% as compared to net profit attributable to equity holders of the Company for the six months ended 30 June 2013. The expected decrease in net profit attributable to equity holders of the Company was primarily attributable to decrease in average selling price of our dominant product, ethylene oxide by approximately 8.0% and increase in average market price of our feedstock, ethylene by 16.8% during the first half of 2014 when comparing to the first half of 2013. Furthermore, the Company was also suffered from foreign exchange loss during the first half 2014 as a result of depreciation of RMB versus USD (the first half of 2013: foreign exchange gain of RMB45.6 million).

Despite the abovementioned downsides, the management of the Group is expecting a number of upsides during the second half of 2014 and Q1 of 2015. The Company expects the MTO production facility will finish its construction by December 2014 and come on stream by Q1 of 2015 which will not only offset a substantial portion of the impact that the rise of ethylene price has on the Group but also diversify our business into propylene and propylene-derivative products. The Company also expects the 5<sup>th</sup> phase EO/EG production facilities will come on stream by Q1 of 2015 which will have a total annual capacity of not less than 350,000 MT in terms of EO and EG output and in turn improve the economies of scale of EO production in a large extent and fuel the growth of our Group.

The information contained in this announcement is only based on a preliminary assessment made by the management of the Group with reference to the combined unaudited management accounts of the Group for the six months ended 30 June 2014, which have not been audited or reviewed by the Company's auditors and are subject to further possible consolidation adjustments by the Group. The Group's unaudited interim results for the six months ended 30 June 2014 are expected to be announced in the middle of August 2014.

**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, 13 July 2014

*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. SHEN Kaijun, Mr. MUI Ho Cheung, Gary and Ms. PEI Yu.*