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If you are in any doubt as to any aspect of this circular, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sinochem Hong Kong Holdings Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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SINOCHEN HONG KONG HOLDINGS LIMITED

中化香港控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 297)

**PROPOSALS INVOLVING
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
AMENDMENTS TO BYE-LAWS
CHANGE OF AUDITORS
AND
RE-ELECTION OF DIRECTORS**

A notice convening an annual general meeting of Sinochem Hong Kong Holdings Limited to be held at Salon II & III, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Wednesday, 31 August 2005 at 9:30 a.m. is set out on pages 13 to 17 of this circular. If you do not propose to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the principal place of business of the Company at Unit 4603, 46th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the proxy form will not preclude you from subsequently attending and voting at the meeting or any adjourned meeting if you so wish.

9 August 2005

* For identification purposes only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	3
General Mandates to Issue and Repurchase Shares	4
Proposed Amendments to the Bye-laws	4
Change of auditors	5
Re-election of Directors	5
Annual General Meeting	8
Recommendation	9
Document available for Inspection	9
General information	9
Appendix – Explanatory Statement	10
Notice of Annual General Meeting	13

DEFINITIONS

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

“Acquisition Agreement”	the agreement dated 28 January 2005, as supplemented by an agreement made on 6 June 2005, between the Company as purchaser and Sinochem HK as vendor in relation to the acquisition of the entire issued share capital of China Fertilizer (Holdings) Company Limited, completion of which took place on 27 July 2005
“Annual General Meeting”	the annual general meeting of the Company to be held at Salon II & III, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Wednesday, 31 August 2005 at 9:30 a.m., the notice of which is set out on pages 13 to 17 of this circular, or any adjournment thereof
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Code”	the Hong Kong Code on Takeovers and Mergers
“Company”	Sinochem Hong Kong Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange
“Companies Act”	the Companies Act 1981 of Bermuda
“Directors”	the directors of the Company
“Existing Issue Mandate”	a general mandate granted to the Directors at the special general meeting of the Company held on 5 July 2005 to allot, issue and deal with Shares of up to 20 per cent. of the aggregate of (a) the nominal amount of Shares in issue as at that date and as adjusted to reflect the effects of the Share Consolidation; and (b) the nominal amount of Shares issued pursuant to the Acquisition Agreement
“Existing Repurchase Mandate”	a general mandate granted to the Directors at the special general meeting of the Company held on 5 July 2005 to repurchase Shares not exceeding 10 per cent. of the aggregate of (a) the nominal amount of Shares in issue as at that date and as adjusted to reflect the effects of the Share Consolidation; and (b) the nominal amount of Shares issued pursuant to the Acquisition Agreement
“Fertilizer Group”	China Fertilizer (Holdings) Company Limited, a wholly owned subsidiary of the Company, and its various subsidiaries and interests in companies incorporated in the PRC and elsewhere which engage in fertiliser business
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong

DEFINITIONS

“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Investor”	Potash Corporation of Saskatchewan Inc., a corporation incorporated in Canada with shares listed on the Toronto Stock Exchange and the New York Stock Exchange
“Latest Practicable Date”	5 August 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Proposed Repurchase Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to repurchase Shares not exceeding 10 per cent. of the aggregate nominal amount of the issued ordinary share capital of the Company as at the date of passing of the relevant resolution granting the Proposed Repurchase Mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Consolidation”	the consolidation of the issued ordinary shares of the Company as described in the circular to Shareholders dated 13 June 2005 which took effect on 6 July 2005
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Shareholders”	registered holders of Shares
“Sinochem Corporation”	中國中化集團公司 (Sinochem Corporation), a state-owned enterprise established in the PRC and the holding company of Sinochem HK
“Sinochem Fertilizer”	中化化肥有限公司 (Sinochem Fertilizer Company Limited), a limited liability company established in the PRC and a member of the Fertilizer Group
“Sinochem Group”	Sinochem Corporation and its subsidiaries
“Sinochem HK”	Sinochem Hong Kong (Group) Company Limited, a company incorporated in Hong Kong with limited liability which is wholly-owned by Sinochem Corporation, and the controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



SINOCHEN HONG KONG HOLDINGS LIMITED

中化香港控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 297)

Executive directors:

DU Ke Ping (*Chief Executive Officer*)

CHEN Hao

CHU Yu Lin, David

CHU Ho Miu Hing

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Non-executive directors:

LIU Deshu (*Chairman*)

SONG Yu Qing (*Deputy Chairman*)

CHEN Guo Gang

Stephen Francis DOWDLE

Principal place of business:

Unit 4603, 46th Floor

Office Tower

Convention Plaza

1 Harbour Road

Wanchai

Hong Kong

Independent non-executive directors:

KO Ming Tung, Edward

LI Ka Cheung, Eric

TANG Tin Sek

9 August 2005

To the Shareholders,

Dear Sir or Madam,

PROPOSALS INVOLVING
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
AMENDMENTS TO BYE-LAWS
CHANGE OF AUDITORS
AND
RE-ELECTION OF DIRECTORS

INTRODUCTION

The purpose of this circular is to provide Shareholders with information concerning the resolutions to be proposed at the Annual General Meeting for (a) the granting to the Directors of a general mandate to allot, issue and deal with Shares of up to 20 per cent. of the aggregate nominal amount of the ordinary share capital of the Company in issue at the date of passing the relevant resolution granting this mandate; (b) the granting to the Directors of the Proposed Repurchase Mandate; (c) the extension of the general mandate to issue Shares by adding to it the aggregate number of Shares repurchased under the Proposed Repurchase Mandate; (d) approving the proposed amendments to the Bye-laws; (e) change of auditors; and (f) the re-election of Directors.

* For identification purposes only

LETTER FROM THE BOARD

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the special general meeting of the Company held on 5 July 2005, ordinary resolutions were passed granting to the Directors the Existing Issue Mandate and the Existing Repurchase Mandate.

In accordance with the Listing Rules and the terms of the Existing Issue Mandate and the Existing Repurchase Mandate, the Existing Issue Mandate and the Existing Repurchase Mandate will lapse on the conclusion of the Annual General Meeting.

A new general mandate to allot, issue and deal with Shares of up to 20 per cent. of the aggregate nominal amount of the ordinary share capital of the Company in issue as at the date of passing the relevant resolution granting this mandate, the Proposed Repurchase Mandate and an extension of the general mandate to issue Shares by adding to it the aggregate number of Shares repurchased under the Proposed Repurchase Mandate (as respectively set out in resolutions numbered 4, 5 and 6 in the notice of the Annual General Meeting) will be proposed at the Annual General Meeting. With reference to the proposed new general mandates, the Directors wish to state that they have no immediate plans to issue or repurchase any Shares pursuant to the relevant mandates.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the Proposed Repurchase Mandate is set out in the Appendix to this circular. The explanatory statement contains all information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting.

PROPOSED AMENDMENTS TO THE BYE-LAWS

The Board proposes to put forward a special resolution to Shareholders for approval at the AGM such that the Bye-laws will be amended to comply with the Listing Rules, including the recent changes relating to the implementation of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules.

The proposed amendments include provisions relating to:

- (a) the description of the share capital of the Company in effect following an increase in its authorised share capital pursuant to the passing of a resolution at the special general meeting of the Company held on 5 July 2005;
- (b) purchases for redemption of redeemable shares so that purchases not made through the market or by tender should be limited to a maximum price and purchases by tender should be available to all Shareholders;
- (c) voting by poll on resolutions at general meetings if so required by the Listing Rules;
- (d) the circumstances under which a poll may be demanded so that any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing five per cent. or more of the total voting rights at any particular meeting may demand a poll;
- (e) disclosure of voting figures on a poll if so required by the Listing Rules;
- (f) the requirement that all Directors appointed to fill a casual vacancy by the Board should be subject to re-election at the first general meeting after their appointment; and
- (g) the requirement for all Directors to be subject to retirement by rotation at annual general meetings so that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Full details of these proposed amendments are set out in resolution numbered 7 in the notice of the Annual General Meeting.

LETTER FROM THE BOARD

CHANGE OF AUDITORS

Deloitte Touche Tohmatsu currently serve as the Company's auditors. Their term of office is due to expire at the forthcoming Annual General Meeting. The Board proposes to put forward a resolution at the Annual General Meeting to appoint PricewaterhouseCoopers as the new auditors of the Company. PricewaterhouseCoopers acted as the reporting accountants of the Fertilizer Group and audited the financial statements of the Fertilizer Group for the past three years ended 31 December 2004. Following completion of the Acquisition Agreement on 27 July 2005, the Fertilizer Group became the principal assets and operations of the Company. The Board considers that a proposed change of auditors of the Company to PricewaterhouseCoopers would facilitate the consolidation of the financial accounting and reporting systems of the Company with those of the Fertilizer Group going forward.

Deloitte Touche Tohmatsu has confirmed to the Board that there are no circumstances connected with the proposed change of auditors of the Company which they considered ought to be brought to the attention of the Shareholders. The Board also confirms that, save as disclosed above, there are no circumstances in respect of the proposed change of auditors which should be brought to the attention of the Shareholders and there is no disagreement between the Board and Deloitte Touche Tohmatsu. Deloitte Touche Tohmatsu has not commenced any work for the Company in relation to its accounts for the financial year ending 31 December 2005.

RE-ELECTION OF DIRECTORS

According to the existing Bye-law 86(2), Mr. Du Ke Ping, Dr. Chen Guo Gang, Dr. Li Ka Cheung, Eric and Dr. Stephen Francis Dowdle may hold office only until the Annual General Meeting and are then eligible for re-election at that meeting. In addition, pursuant to the existing Bye-laws 87(1) and 87(2), at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) must retire from office by rotation; any Director appointed pursuant to Bye-law 86(2) will not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation; and a retiring Director will be eligible for re-election. Accordingly, the Directors who will retire by rotation at the Annual General Meeting pursuant to Bye-laws 87(1) and 87(2) are Mr. Song Yu Qing and Ms. Chen Hao.

Mr. Du Ke Ping, Dr. Chen Guo Guang, Dr. Stephen Francis Dowdle, Mr. Song Yu Qing, Ms. Chen Hao and Dr. Li Ka Cheung, Eric, being eligible, will offer themselves for re-election at the Annual General Meeting. Biographies of each of these Directors are set out below.

(i) **Mr. Du Ke Ping – Chief Executive Officer and executive Director**

Mr. Du Ke Ping, aged 43, has been appointed as the Chief Executive Officer of the Company and an executive Director with effect from 27 July 2005. He was appointed as the General Manager of Sinochem Fertilizer in 1999 and was later promoted to the head of the fertilizer business of Sinochem Corporation. He was then appointed as the vice-president and one of the 13 members of the management committee of Sinochem Corporation. He graduated from the accounting department of 山東經濟學院 (Shandong Economic College). Mr. Du also obtained a MBA degree from 對外經濟貿易大學 (Foreign Economics and Trade University). Before taking up his current position, Mr. Du was a senior official of the Ministry of Commerce of the PRC (formerly the Ministry of Foreign Trade and Economic Commission). Mr. Du joined Sinochem Group in 1989. He is responsible for the overall management and development of the Fertilizer Group.

Mr. Du has been nominated as a Director by Sinochem HK, the controlling shareholder of the Company. Save as described above and except for his directorship of the Company, Mr. Du has no relationship with any directors, senior management or substantial or controlling shareholders of

LETTER FROM THE BOARD

the Company and has not held any directorship in any listed public companies in the last three years. As at the Latest Practicable Date, Mr. Du did not have any interest in the shares and/or share options of the Company within the meaning of Part XV of the SFO.

As at the Latest Practicable Date, Mr. Du had not entered into any director's service contract with the Company; no specific term had been agreed for his length of service with the Company; and no agreement had been made for the payment of any director's emoluments to Mr. Du. Mr. Du is currently not receiving any remuneration for his positions held with the Company. Mr. Du is subject to retirement by rotation and will be eligible for re-election at annual general meetings of the Company in accordance with the Bye-laws.

(ii) Dr. Chen Guo Gang – non-executive Director

Dr. Chen Guo Gang, aged 45, is the Chief Finance Officer and one of the 13 members of the management committee of Sinochem Corporation. He has been appointed as a non-executive Director with effect from 27 July 2005. He graduated from the Accounting Department of 廈門大學 (Xiamen University) with a doctorate degree and is a Senior Accountant. Before taking up his current position, Dr. Chen occupied a number of senior positions within subsidiaries of Sinochem Corporation. Dr. Chen joined Sinochem Group in 1991. He is also a director of Sinochem International Corporation which is a company listed on the Shanghai Stock Exchange. Save as described, Dr. Chen has not held any directorship in any listed public companies in the last three years.

Dr. Chen has been nominated as a Director by Sinochem HK, the controlling shareholder of the Company. Save as described above and except for his directorship of the Company, Dr. Chen has no relationship with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Dr. Chen did not have any interest in the shares and/or share options of the Company within the meaning of Part XV of the SFO.

As at the Latest Practicable Date, Dr. Chen had not entered into any director's service contract with the Company; no specific term had been agreed for his length of service with the Company; and no agreement had been made for the payment of any director's emoluments to Dr. Chen. Dr. Chen is currently not receiving any remuneration for his position held with the Company. Dr. Chen is subject to retirement by rotation and will be eligible for re-election at annual general meetings of the Company in accordance with the Bye-laws.

(iii) Dr. Stephen Francis Dowdle – non-executive Director

Dr. Stephen Francis DOWDLE, aged 54, has been appointed a non-executive Director with effect from 27 July 2005. He is currently the Vice President of Fertilizer Sales for PCS Sales (USA) Inc., which is a wholly-owned subsidiary of the Investor, a position he has held since 2000. He is also a board member of Phosphate Chemicals Export Association, Inc., an export marketing association composed of several phosphate fertilizer companies through which member companies market and sell phosphate fertilizers, of which the Investor is a member. Dr. Dowdle has not held any directorship in any listed public companies in the last three years. Dr. Dowdle obtained a Bachelor of Arts degree from Brown University and a Ph.D. in Agronomy and Soil Science from the University of Hawaii. While completing his Ph.D., Dr. Dowdle lived in China and did advance field research at Central China Agricultural University, Wuhan, China. Dr. Dowdle has over 20 years experience in the fertilizer business, and has considerable experience in China and Asia, having lived and worked in the region for over 15 years.

Dr. Dowdle has been nominated for appointment by the Investor. The Investor, through its wholly owned subsidiary, holds 580,214,187 Shares, representing approximately 9.99% of the issued ordinary share capital of the Company, which it acquired from Sinochem HK on 27 July 2005. The

LETTER FROM THE BOARD

Investor also holds an interest in Canpotex Limited, a supplier of the Fertilizer Group. Save as described above and except for his directorship with the Company, Dr. Dowdle has no other relationship with any directors, senior management or substantial or controlling shareholders of the Company and does not have any interest in shares and/or share options of the Company within the meaning of Part XV of the SFO.

As at the Latest Practicable Date, Dr. Dowdle had not entered into any director's service contract with the Company; no specific term had been agreed for his length of service with the Company; and no agreement had been made for the payment of any director's emoluments to Dr. Dowdle. Dr. Dowdle is currently not receiving any remuneration for his position held with the Company. Dr. Dowdle is subject to retirement by rotation and will be eligible for re-election at annual general meetings of the Company in accordance with the Bye-laws.

(iv) Mr. Song Yu Qing – Deputy Chairman and non-executive Director

Mr. Song Yu Qing, aged 56, joined the Company in August 2001 and is the Deputy Chairman. Mr. Song has been re-designated as a non-executive Director with effect from 27 July 2005. He has approximately 18 years experience in the management of large enterprises, and is also the Vice Chairman and President of Sinochem HK and was the deputy general manager of Shanghai Foreign Trade Center which was responsible for the construction of Jinmao Tower in Shanghai. Mr. Song has not held any directorship in any listed public companies in the last three years.

As at the Latest Practicable Date, Mr. Song had not entered into any director's service contract with the Company; no specific term had been agreed for his length of service with the Company; and no agreement had been made for the payment of any director's emoluments to Mr. Song. Mr. Song is currently not receiving any remuneration for his position held with the Company. Mr. Song is subject to retirement by rotation and will be eligible for re-election at annual general meetings of the Company in accordance with the Bye-laws. Save as described above and except for his directorship of the Company, Mr. Song has no relationship with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Song did not have any interest in the shares and/or share options of the Company within the meaning of Part XV of the SFO.

(v) Ms. Chen Hao – executive Director

Ms. Chen Hao, aged 39, joined the Company in August 2002. She obtained a Master Degree in Business Administration (Investment and Finance) from the University of Hull in July 2000 and a bachelor's degree in banking and finance from 廈門大學 (Xiamen University) in July 1988. Ms. Chen was a director of FPB Pacific Bank and a director of Sinochem Kingsway Asset Management Limited, and is also an executive director of Paddison Limited, which is one of the subsidiaries and investment arms of Sinochem Corporation. She has over 10 years' experience in investment and asset management. She is responsible for the management of the Group's property business. Ms. Chen has not held any directorship in any listed public companies in the last three years.

As at the Latest Practicable Date, Ms. Chen had not entered into any director's service contract with the Company; no specific term had been agreed for her length of service with the Company; and no agreement had been made for the payment of any director's emoluments to Ms. Chen. Ms. Chen is currently not receiving any remuneration for her position held with the Company. Ms. Chen is subject to retirement by rotation and will be eligible for re-election at annual general meetings of the Company in accordance with the Bye-laws. Save as described above and except for her directorship of the Company, Ms. Chen has no relationship with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Ms. Chen did not have any interest in the shares and/or share options of the Company within the meaning of Part XV of the SFO.

LETTER FROM THE BOARD

(vi) Dr. Li Ka Cheung, Eric – independent non-executive Director

Dr. Li Ka Cheung Eric, *GBS, OBE, JP, LLD, DSocSc., B.A.*, aged 52, joined the Company in September 2004. Dr. Li obtained a Bachelor of Arts (Economics) degree from the University of Manchester in 1975 and is the Senior Partner of Li, Tang, Chen & Co., a firm of Certified Public Accountants (Practising). He has over 30 years of experience in the accounting field and is currently an independent non-executive director of The Kowloon Motor Bus Holdings Limited, SmarTone Telecommunications Holdings Limited, Wong's International (Holdings) Limited, CATIC International Holdings Limited, Hang Seng Bank Limited, China Resources Enterprise, Limited and RoadShow Holdings Limited and a non-executive director of Sun Hung Kai Properties Limited, all of which are companies whose shares are listed on the Stock Exchange. He is also an independent non-executive director of Strategic Global Investments Plc., a company listed on the Alternative Investment Market (AIM) of the London Stock Exchange. Dr. Li was a director of SIIC Medical Science & Technology (Group) Limited, which was then a company listed on the Stock Exchange. Between the period from 1991 to 2004, Dr. Li was a member of the Legislative Council, and between 1995 to 2004, the Chairman of the Public Accounts Committee of the Legislative Council of Hong Kong. He was formerly the president of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) and is currently a fellow member of The Institute of Chartered Accountants in England & Wales, the Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Secretaries and Administrators, the United Kingdom and The Hong Kong Institute of Company Secretaries. Dr. Li is a board member of the International Federation of Accountants, and a member of the Corporate Governance Task Force and The 10th National Committee of the Chinese People's Political Consultative Conference. Save as described above, Dr. Li has not held any other directorship in any listed public companies in the last three years.

As at the Latest Practicable Date, Dr. Li had not entered into any director's service contract with the Company; and no specific term had been agreed for his length of service with the Company. Dr. Li is currently receiving an annual director's fee of HK\$200,000 from the Company. Dr. Li is subject to retirement by rotation and will be eligible for re-election at annual general meetings of the Company in accordance with the Bye-laws. Save as described above and except for his directorship of the Company, Dr. Li has no relationship with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Dr. Li did not have any interest in the shares and/or share options of the Company within the meaning of Part XV of the SFO.

Apart from those described above, the Board is not aware of any other matter in relation to the re-election of these Directors that needs to be brought to the attention of the Shareholders.

ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting to be held at Salon II & III, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Wednesday, 31 August 2005 at 9:30 a.m. is set out on pages 13 to 17 of this circular.

Enclosed is a proxy form for use at the Annual General Meeting. If Shareholders do not intend to be present at the Annual General Meeting, they are requested to complete the proxy form and return it to the principal place of business of the Company at Unit 4603, 46th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the proxy form will not prevent Shareholders from attending and voting at the Annual General Meeting if they so wish.

LETTER FROM THE BOARD

Pursuant to the existing Bye-laws, a poll may be demanded in relation to any resolution put to the vote of the Annual General Meeting before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll:

- (a) by the chairman of the meeting; or
- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

RECOMMENDATION

The Directors consider that the proposed resolutions for (a) granting to the Directors a general mandate to allot, issue and deal with Shares of up to 20 per cent. of the aggregate nominal amount of the ordinary share capital of the Company in issue as at the date of passing the relevant resolution granting this mandate; (b) granting to the Directors the Proposed Repurchase Mandate; (c) the extension of the general mandate to issue Shares by adding to it the aggregate number of Shares repurchased under the Proposed Repurchase Mandate; (d) approving the proposed amendments to the Bye-laws; (e) change of auditors; and (f) the re-election of Directors are in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend Shareholders to vote in favour of all the resolutions set out in the notice of the Annual General Meeting.

DOCUMENT AVAILABLE FOR INSPECTION

Copies of the Bye-laws are available for inspection at the principal place of business of the Company at Unit 4603, 46th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong during normal business hours for a 14 day period immediately preceding the Annual General Meeting.

GENERAL INFORMATION

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

Yours faithfully,
By order of the Board
Liu Deshu
Chairman

This Appendix contains the particulars required by the Listing Rules to be included in an explanatory statement to enable Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the Annual General Meeting in relation to the Proposed Repurchase Mandate.

LISTING RULES FOR REPURCHASE OF SHARES

The relevant sections of the Listing Rules which permit companies with primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions are summarised below.

SOURCE OF FUNDS

Repurchases must be funded out of funds legally available for the purpose and in accordance with the Company's constitutive documents and the laws of the jurisdiction in which the Company is incorporated or otherwise established. Bermuda laws provide that funds used for a share repurchase may only be paid out of the capital paid up on the relevant shares, or the funds of the Company that would otherwise be available for dividend or distribution, or the proceeds of a fresh issue of shares made for the purpose. The amount of premium, if any, payable on a repurchase may only be paid out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the share premium account of the Company before the shares are repurchased.

SHARE CAPITAL

As at the Latest Practicable Date, the issued ordinary share capital of the Company comprised 5,807,949,828 Shares. Subject to the passing of the resolution granting the Proposed Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the Annual General Meeting, the Company would be allowed to repurchase a maximum of 580,794,982 Shares during the period ending on the earlier of the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required to be held by law or the Bye-laws, or the date on which such authority is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase its Shares on the Stock Exchange. Such repurchases may, depending on market conditions, and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders as a whole.

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company. The Directors consider that there might be an adverse impact on the working capital or gearing position of the Company, as compared solely with the positions disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 March 2005 and disregarding any effects brought about by completion of the Acquisition Agreement, in the event that the Proposed Repurchase Mandate were to be exercised in full at any time during the proposed repurchase period. The Directors, however, do not propose to exercise the Proposed Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

SHARE PRICES

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the last twelve months before the Latest Practicable Date.

Month	Highest HK\$	Lowest HK\$
2004		
August	0.385	0.330
September	0.375	0.345
October	0.450	0.355
November	0.540	0.385
December	0.480	0.420
2005		
January	0.485	0.280
February	0.330	0.225
March	0.285	0.240
April	0.265	0.237
May	0.305	0.240
June	3.000*	1.530*
July	1.740*	1.370*
August (up to the Latest Practicable Date)	1.560*	1.410*

* adjusted to take account of the effects of the Share Consolidation

TAKEOVERS CODE

If as a result of a repurchase of Shares, 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 the Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of the Shareholders’ interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date and so far was known to the Directors, Sinochem HK and its concert parties were interested in a total of 3,890,239,114 Shares, representing approximately 66.98% of the issued ordinary share capital of the Company. On the basis that no further Shares are issued or repurchased after the Latest Practicable Date, in the event that the Directors exercise the Proposed Repurchase Mandate in full, the ordinary shareholdings of Sinochem HK in the Company would be increased to approximately 74.42% of the entire issued ordinary share capital of the Company. Such an increase would not trigger any obligation to make a mandatory offer for Shares under Rule 26 of the Code. The Directors are not aware of any consequences to make such an offer under the Code in the event of a repurchase of Shares pursuant to the Proposed Repurchase Mandate.

GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates have any present intention to sell any Shares to the Company in the event that the Proposed Repurchase Mandate is approved.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Proposed Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

No connected person, as defined in the Listing Rules, has notified the Company that he has a present intention to sell any Shares to the Company, or has undertaken not to do so, in the event that the Proposed Repurchase Mandate is approved.

The Listing Rules prohibit a company from making repurchase on the Stock Exchange if the result of the repurchase would be that less than 25 per cent (or such other prescribed minimum percentage as determined by the Stock Exchange) of its listed securities would be in public hands. The Directors do not propose to repurchase Shares which would result in less than the prescribed minimum percentage of Shares in public hands.

The Company has not repurchased any Shares, whether on the Stock Exchange or otherwise, in the six months preceding the Latest Practicable Date.

NOTICE OF ANNUAL GENERAL MEETING



SINOCHEN HONG KONG HOLDINGS LIMITED

中化香港控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 297)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of the Company will be held at Salon II & III, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Wednesday, 31 August 2005 at 9:30 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31 March 2005.
2. To re-elect directors and to authorise the Board of Directors to fix the remuneration of the directors.
3. To appoint PricewaterhouseCoopers as auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company and to authorise the Board of Directors to fix their remuneration.
4. As special business, to consider and, if thought fit, pass, with or without modifications, the following resolution as an ordinary resolution of the Company:

“THAT:

- (a) subject to paragraph (c) of this Resolution, the exercise by the directors of the Company (“Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and otherwise deal with additional ordinary shares of the Company (“Shares”) or securities convertible into Shares, or options, warrants or similar rights to subscribe for Shares or such convertible securities, and to make or grant offers, agreements and options which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall be in addition to any other authorisations given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including bonds, warrants, debentures and other securities convertible into Shares) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of the ordinary share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into Shares;

* For identification purposes only

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the exercise of any option granted under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or right to acquire Shares; or
- (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on the Shares in accordance with the bye-laws of the Company from time to time;

shall not exceed 20 per cent. of the aggregate nominal amount of the ordinary share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly;

- (d) subject to the passing of each of paragraphs (a), (b) and (c) of this Resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (e) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier 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 law or the bye-laws of the Company to be held; or
- (iii) the date on which the authority given under this Resolution is revoked or varied by ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means the allotment, issue or grant of Shares or securities convertible into Shares pursuant to an offer open for a period fixed by the Directors to holders of Shares or of such securities or any class thereof on the register on a fixed record date in proportion to their then holdings of Shares or of such securities or class thereof (subject to such exclusion or other arrangements as the Directors 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 any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

5. As special business, to consider and, if thought fit, pass, with or without modifications, the following resolution as an ordinary resolution of the Company:

“THAT:

- (a) subject to paragraph (b) of this Resolution, the exercise by the directors of Company (“Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase ordinary shares of the Company (“Shares”) on The Stock Exchange of Hong Kong Limited or on any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited for this purpose, and subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the aggregate nominal amount of Shares which may be repurchased pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10 per cent. of the aggregate nominal amount of the ordinary share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly;
- (c) subject to the passing of each of paragraphs (a) and (b) of this Resolution, any prior approvals of the kind referred to in paragraphs (a) and (b) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (d) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earlier 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 law or the bye-laws of the Company to be held; or
 - (iii) the date on which the authority given under this Resolution is revoked or varied by ordinary resolution of the shareholders of the Company in general meeting.”

6. As special business, to consider and, if thought fit, pass, with or without modifications, the following resolution as an ordinary resolution of the Company:

“**THAT**, subject to the passing of resolutions numbered 4 and 5 as set out in the notice of this meeting, the general mandate granted to the directors of the Company (“Directors”) to exercise the powers of the Company to allot, issue and otherwise deal with ordinary shares of the Company pursuant to the resolution numbered 4 set out in the notice of this meeting be and is hereby extended by the addition to the aggregate nominal amount of the ordinary share capital of the Company which may be allotted by the Directors pursuant to such general mandate, an amount representing the aggregate nominal amount of the ordinary share capital of the Company repurchased by the Company under the authority granted pursuant to the resolution numbered 5 set out in the notice of this meeting, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the ordinary share capital of the Company in issue as at the date of passing of this Resolution.”

7. As special business, to consider and, if thought fit, pass the following resolution as a special resolution of the Company:

“**THAT** the existing Bye-laws of the Company be and are hereby amended as follows:

- (a) by deleting the existing Bye-law 3(1) in its entirety and substituting therefor the following as new Bye-law 3(1):

“The authorised share capital of the Company at the date on which the amendments to these Bye-laws come into effect is \$8,316,000,000, divided into 80,000,000,000 ordinary shares of \$0.10 each and 316 convertible redeemable non-voting preference shares of \$1,000,000 each. The said convertible redeemable non-voting preference shares shall confer on the holders thereof the respective rights and privileges and be subject to the respective restrictions set out in Bye-law 9A.”;

NOTICE OF ANNUAL GENERAL MEETING

- (b) by inserting the following sentence immediately after the existing Bye-law 9:

“Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Company in general meeting, either generally or with regard to specific purchases. If purchases are by tender, tenders shall be available to all Members alike.”;

- (c) by inserting the words “voting by way of a poll is required by the Listing Rules or” after the words “a show of hands unless” in the existing Bye-law 66;

- (d) by deleting the full-stop at the end of the existing Bye-law 66(d) and replacing therewith a semicolon and the word “or” and inserting the following as new Bye-law 66(e):

“(e) if required by the Listing Rules, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. or more of the total voting rights of all Members having the right to vote at such meeting.”;

- (e) by deleting the last sentence of the existing Bye-law 68 and substituting therefor the following sentence:

“The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the Listing Rules.”;

- (f) by deleting the last sentence of the existing Bye-law 86(2) and substituting therefor the following sentence:

“Any Director so appointed to fill a casual vacancy shall hold office only until the next general meeting of the Company and any Director so appointed as an addition to the Board shall hold office only until the next Annual General Meeting of the Company, and in each case shall then be eligible for re-election.”;

- (g) by deleting the existing Bye-law 87(1) in its entirety and substituting therefor the following as new Bye-law 87(1):

“Subject as may be prescribed otherwise from time to time under the Listing Rules, and notwithstanding any other provisions in the Bye-laws or any contractual or other terms on which any Director may be appointed or engaged, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that, notwithstanding anything herein, every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.”; and

- (h) by deleting the existing Bye-law 87(2) in its entirety and substituting therefor the following as new Bye-law 87(2):

“Subject to the proviso in Bye-law 87(1), the Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest

NOTICE OF ANNUAL GENERAL MEETING

in office since their last re-election or appointment and so that, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed pursuant to Bye-law 86(2) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation at an annual general meeting pursuant to Bye-law 87.”;

and the directors of the Company be and are hereby authorised to do all such acts, deeds and things as they shall, in their absolute discretion, deem fit in order to effect the foregoing.”

By order of the Board
Navin Aggarwal
Secretary

Hong Kong, 9 August 2005

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a proxy form, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must be deposited at the principal place of business of the Company at Unit 4603, 46th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for the holding of the meeting or any adjournment thereof.
3. Where there are joint holders of any ordinary share of the Company, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such holders be present at the meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
4. As at the date of this notice, the executive directors of the Company are Mr. Du Ke Ping (Chief Executive Officer), Mr. Chu Yu Lin, David, Mrs. Chu Ho Miu Hing and Ms. Chen Hao; the non-executive directors are Mr. Liu Deshu (Chairman), Mr. Song Yu Qing (Deputy Chairman), Dr. Chen Guo Gang and Dr. Stephen Francis Dowdle; and the independent non-executive directors are Mr. Ko Ming Tung, Edward, Dr. Tang Tin Sek and Dr. Li Ka Cheung, Eric.