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If you have sold or transferred all your shares in Sinofert Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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SINOFERT HOLDINGS LIMITED

中化化肥控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 297)

DISCLOSEABLE TRANSACTION ACQUISITION OF 75% EQUITY INTERESTS IN SHANDONG DEQILONG

* for identification purposes only

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DEFINITIONS

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

“Account Date”	31 December 2007
“Acquisition”	the acquisition of 75% of the equity interests of Shandong Deqilong
“Acquisition Agreement”	the acquisition agreement dated 15 June 2008 between, among others, the Vendors (as vendor), Sinochem Fertilizer (as purchaser), County Investment Company, Pingyuan Government and Shandong Deqilong in relation to the Acquisition
“Announcement”	the announcement of the Company dated 15 June 2008
“associate(s)”	has the meaning given to it under the Listing Rules
“Board”	the board of Directors of the Company
“Bonds”	the HK\$1,300,000,000 listed zero coupon convertible bonds due 2011 issued by the Company on 7 August 2006
“Company”	Sinofert Holdings Limited, a company incorporated on 26 May 1994 in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition Agreement in accordance with the terms and conditions therein
“Completion Date”	the date of Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“County Investment Company”	山東省平原縣經濟開發投資總公司 (Pingyuan County Economic Development and Investment Corporation, Shandong Province), a state-owned enterprise established in the PRC. Prior to Completion, it was a third party independent of the Company and was not a connected person of the Company. Upon Completion, it has become a connected person of the Company
“Director(s)”	the director(s) of the Company (including its independent non-executive Directors)

DEFINITIONS

“External Guarantee”	a sum of approximately RMB446 million, which has been disclosed as contingent liabilities in the notes to the audited financial statements of Shandong Deqilong as at the Account Date, being external guarantee provided by Shandong Deqilong to third parties who are independent of the Company and are not connected persons of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	2 July 2008, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PCS Barbados”	PCS (Barbados) Investment Company Limited
“Pingyuan Government”	平原縣人民政府 (People’s Government of Pingyuan County), a government body in Pingyuan County
“Potashcorp”	Potash Corporation of Saskatchewan Inc. and, as applicable, its direct and indirect subsidiaries
“PRC”	the People’s Republic of China, which for the purposes of this circular excludes Hong Kong, Macau and Taiwan
“PRC GAAP”	generally accepted accounting principles in the PRC
“Registration Date”	16 June 2008, the date on which the registration of the transfer of equity interests of Shandong Deqilong contemplated under the Acquisition was effected
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Shandong Deqilong”	山東德齊龍化工集團有限公司 (Shandong Deqilong Chemical Industry Company Limited), a limited liability company incorporated in the PRC. Prior to Completion, it was a third party independent of the Company and was not a connected person of the Company. Upon Completion, it is renamed as 中化平原化工有限公司 (Sinochem Pingyuan Chemical Company Limited) and has become a subsidiary of the Company and is not a connected person of the Company
“Shandong Deqilong Group”	Shandong Deqilong and its subsidiaries
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“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 company incorporated in the PRC, and an indirect wholly-owned subsidiary of the Company
“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
“Vendors”	劉方軍 (Liu Fang Jun), 王永生 (Wang Yong Sheng), 崔景岐 (Cui Jing Qi), 王秀靈 (Wang Xiu Ling) and 張文泉 (Zhang Wen Quan), each of them is an individual with citizenship in the PRC, and is a third party independent of the Company and is not a connected person of the Company
“%”	per cent.

LETTER FROM THE BOARD



SINOFERT HOLDINGS LIMITED

中 化 化 肥 控 股 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 297)

Executive Directors:

DU Ke Ping (*Chief Executive Officer*)

Harry YANG

Non-executive Directors:

LIU De Shu (*Chairman*)

SONG Yu Qing (*Deputy Chairman*)

CHEN Guo Gang

Stephen Francis DOWDLE

Wade FETZER III

Independent Non-executive Directors:

KO Ming Tung, Edward

TANG Tin Sek

TSE Hau Yin, Aloysius

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Place of Business:

Units 4601-4610, 46th Floor

Office Tower

Convention Plaza

1 Harbour Road

Wanchai

Hong Kong

7 July 2008

To the Shareholders and, for information only,

holders of share options and the Bonds of the Company

Dear Sir/Madam,

DISCLOSEABLE TRANSACTION ACQUISITION OF 75% EQUITY INTERESTS IN SHANDONG DEQILONG

INTRODUCTION

On 28 January 2008, the Company announced that Sinochem Fertilizer entered into a framework intention agreement with respect to the Acquisition.

* *For identification purposes only*

LETTER FROM THE BOARD

On 15 June 2008, the Company announced that Sinochem Fertilizer entered into the Acquisition Agreement with, among others, the Vendors, County Investment Company and Pingyuan Government whereby Sinochem Fertilizer agreed to acquire and the Vendors agreed to sell an aggregate of 75% of the equity interests of Shandong Deqilong at a total consideration of approximately RMB730 million.

Upon Completion, Sinochem Fertilizer holds 75% of the equity interests of Shandong Deqilong, and Shandong Deqilong has become a subsidiary of the Company.

The Acquisition Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is (a) to provide you with further information in respect of the Acquisition; and (b) to provide you with such other information as required under the Listing Rules.

THE ACQUISITION

Date of the Acquisition Agreement

15 June 2008

Parties

Purchaser: Sinochem Fertilizer

Vendors:

- (i) 劉方軍 (Liu Fang Jun), an individual holding approximately 43.11% of the equity interests of Shandong Deqilong prior to the Acquisition;
- (ii) 王永生 (Wang Yong Sheng), an individual holding approximately 10.63% of the equity interests of Shandong Deqilong prior to the Acquisition;
- (iii) 崔景岐 (Cui Jing Qi), an individual holding approximately 7.95% of the equity interests of Shandong Deqilong prior to the Acquisition;
- (iv) 王秀靈 (Wang Xiu Ling), an individual holding approximately 7.20% of the equity interests of Shandong Deqilong prior to the Acquisition; and
- (v) 張文泉 (Zhang Wen Quan), an individual holding approximately 7.11% of the equity interests of Shandong Deqilong prior to the Acquisition.

The above individuals, collectively the Vendors, had an aggregate of 76% of the equity interests of Shandong Deqilong prior to the Acquisition.

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County Investment Company:	a company holding 24% of the equity interests of Shandong Deqilong prior to the Acquisition and was authorised by the Vendors to receive the consideration of the Acquisition on their behalf
Target company:	Shandong Deqilong
Pingyuan Government:	People's Government of Pingyuan County, a PRC government body

Interest acquired

Sinochem Fertilizer agreed to acquire and the Vendors agreed to sell an aggregate of 75% of the equity interests of Shandong Deqilong. Upon Completion, Shandong Deqilong has become a subsidiary of the Company and its results will be consolidated into the financial statements of the Group. 劉方軍 (Liu Fang Jun), one of the Vendors, further transferred his remaining 1% of the equity interests of Shandong Deqilong to County Investment Company under a separate agreement. After such transfer and upon Completion, Shandong Deqilong is held as to 75% and 25% by Sinochem Fertilizer and County Investment Company, respectively.

Consideration

The consideration for the Acquisition amounted to approximately RMB730 million which was paid in cash by Sinochem Fertilizer in the following manners and upon such payments, the consideration was considered as having been fully paid and settled:

- (i) Approximately RMB530 million to a bank account designated by County Investment Company and the Vendors, subject to a deduction of 75% of any operational loss incurred by Shandong Deqilong (including all social insurance and welfare payments of the employees) during the period between the Account Date and the end of May 2008. After the date of Announcement, it was determined that such deduction was RMB35 million and hence, the actual amount paid by Sionchem Fertilizer under this part was RMB495 million; and
- (ii) Approximately RMB200 million to a bank account jointly managed by Sinochem Fertilizer and County Investment Company. No amount can be drawn from the account without the joint written consent of Sinochem Fertilizer and County Investment Company. Shandong Deqilong will be entitled to claim from such account for any loss arising from the External Guarantee after the Completion. The amount held in the account cannot be used for other purposes without the consent of Sinochem Fertilizer, County Investment Company and the Vendors. When the External Guarantee is partially released, Sinochem Fertilizer agreed that the amount therein be proportionately transferred to a bank account designated by County Investment Company. Once the External Guarantee is fully released, the remaining balance (together with interest accrued thereon) will then be transferred to County

LETTER FROM THE BOARD

Investment Company and the Vendors. In the event such amount is not sufficient to cover all losses arising from the External Guarantee, County Investment Company and the Vendors agreed to compensate Shandong Deqilong for all remaining losses incurred therefrom.

The consideration of the Acquisition was arrived at after arm's length negotiations between the parties and was determined with reference to, among other things, the audited net asset value of Shandong Deqilong as at 31 December 2007 (being approximately RMB650.64 million) and the production capability of Shandong Deqilong and its extensive experience in the fertilizer production business in the PRC.

The actual consideration paid was RMB695 million and was funded by the Group's internal resources.

The Vendors, County Investment Company and Pingyuan Government agreed that the portion of the consideration referred to in (i) above will be used to settle payments with respect to, among other things, any asset loss, asset disposal and new external guarantees, charges, pledges and liability which was incurred or entered into by Shandong Deqilong during the period between the Account Date and the Registration Date without Sinochem Fertilizer's prior consent and which was outside Shandong Deqilong's ordinary course of business (including any act performed to resume the production of Shandong Deqilong).

In addition, as a condition to the Acquisition, Sinochem Fertilizer paid RMB100 million to a bank account designated by Pingyuan Government and which amount shall be transferred to the "Water Supply Development Fund of Pingyuan County", and County Investment Company and Pingyuan Government agreed to ensure Shandong Deqilong will be provided with water for production. Such payment did not form part of the consideration for the acquisition of 75% of the equity interests of Shandong Deqilong. In the event the Acquisition Agreement is terminated as a result of the default of the Vendors, County Investment Company or Pingyuan Government, Sinochem Fertilizer has a right to request for a refund of RMB100 million or such amount of equity interests in Shandong Deqilong (the percentage of which is equivalent to RMB100 million divided by the audited net asset value of Shandong Deqilong as at the Account Date, expressed as a percentage) be transferred to Sinochem Fertilizer at nil consideration.

Completion

Completion took place on the Registration Date, that is, 16 June 2008, the date on which the registration of the transfer of equity interests of Shandong Deqilong with relevant government authorities (who have the right to effect registration) as contemplated under the Acquisition was effected.

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Board representation

Upon Completion, the board of directors of Shandong Deqilong shall consist of nine directors, seven of whom shall be nominated by Sinochem Fertilizer. A director nominated by Sinochem Fertilizer shall serve as the chairman of the board. The chairman will have the right to nominate the general manager of Shandong Deqilong. The general manager will have the right to nominate other senior management of Shandong Deqilong.

Supervisor

Upon Completion, the board of supervisors of Shandong Deqilong shall consist of three supervisors, one of whom shall be nominated by Sinochem Fertilizer.

Other material terms

(i) Lock up

Unless unanimously agreed by the holders of Shandong Deqilong or otherwise agreed, all parties undertake that within five years from the date of the Acquisition Agreement, each of them will not transfer or pledge their respective equity interests in Shandong Deqilong. If the Vendors or County Investment Company breaches this undertaking, Sinochem Fertilizer can acquire their equity interests with reference to the audited net asset value of Shandong Deqilong as at 31 December 2007, prorated to the interests to be acquired. If Sinochem Fertilizer breaches this undertaking, the Vendors or County Investment Company can acquire its equity interests of Shandong Deqilong with reference to the consideration under the Acquisition Agreement.

(ii) Termination

If any party is in breach of certain provisions of the Acquisition Agreement and does not rectify the breach within ten days from the date of receiving notice from the non-defaulting party and without providing sufficient explanation, the non-defaulting party may, among other things, terminate the Acquisition Agreement and request for the repayment of all payments (with interest) and compensation for any ancillary liability (in the event the registration of equity transfer has not been completed) or request to unwind the equity transfer together with repayment of all payments (with interest) and compensation for any ancillary liability (in the event the registration of equity transfer has been completed).

In addition, if the Acquisition Agreement is terminated as a result of the default of Sinochem Fertilizer, Sinochem Fertilizer shall pay RMB100 million to the “Water Supply Development Fund of Pingyuan County” or if such amount has already been paid pursuant to the Acquisition Agreement, such paid amount will be treated as compensation for Sinochem Fertilizer’s breach.

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If the Acquisition Agreement is terminated as a result of the default of the Vendors, County Investment Company or Pingyuan Government and in the event the RMB100 million paid to the “Water Supply Development Fund of Pingyuan County” is not refunded, County Investment Company undertakes to transfer such amount of its equity interests in Shandong Deqilong (the percentage of which is equivalent to RMB100 million divided by the audited net asset value of Shandong Deqilong as at the Account Date, expressed as a percentage) to Sinochem Fertilizer at nil consideration.

(iii) Loss and damages

If any party is in breach of its obligations under the Acquisition Agreement which results in damages for the other party, the party in default shall compensate such other party for the loss incurred therefrom. In the event County Investment Company and the Vendors fail to compensate Sinochem Fertilizer pursuant to the Acquisition Agreement, Sinochem Fertilizer can, among other things, enforce its right against the respective equity interests held by County Investment Company and the Vendors (if any) in Shandong Deqilong. If such equity interests are not sufficient to cover Sinochem Fertilizer’s loss, County Investment Company and the Vendors will be liable to the remaining loss. Conversely, the above is applicable to County Investment Company and the Vendors in case of the default of Sinochem Fertilizer.

(iv) Others

Pingyuan Government and County Investment Company agreed to assist Shandong Deqilong to resolve matters concerning such lands required for production and development and to assist Shandong Deqilong to obtain proper and legal land use right certificates.

INFORMATION ON SHANDONG DEQILONG

As a large-sized urea enterprise with a production capacity of over 1 million tons and a key enterprise in Shandong Province, Shandong Deqilong has extensive experience in the production of coal and chemicals. With well-established production devices and facilities, as well as the industrial chain structure, Shandong Deqilong has capacity to produce, among other things, approximately over 1.1 million tons of urea, approximately 250,000 tons of ammonium bicarbonate and approximately 300,000 tons of methanol annually.

Currently, Shandong Deqilong has a paid up registered capital of RMB300 million and was owned as to an aggregate of 76% by the Vendors and 24% by County Investment Company prior to the Acquisition.

Following a pipeline explosion happened in July 2007, the government authorities suspended the operation of Shandong Deqilong. With a view to improving and streamlining the production and operation of Shandong Deqilong, to strengthen Shandong Deqilong’s chemical fertilizer business and to enhance the economic development in the region, Pingyuan Government and County Investment Company proposed to restructure Shandong Deqilong by bringing in large domestic enterprises with leading technology and management in fertilizer

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business to invest in Shandong Deqilong. After the Acquisition, further restructuring of Shandong Deqilong is expected to take place to streamline its operation. Pingyuan Government, being a local government body, fully supports Shandong Deqilong's restructuring, and approved County Investment Company to be a party to the restructuring and to sign the Acquisition Agreement and be subject to the rights and obligations as stipulated therein.

Based on the audited financial statements of Shandong Deqilong, which were prepared under PRC GAAP, the audited profits for the years ended 31 December 2006 and 31 December 2007 are as follows:

	Financial year ended 31 December 2006 <i>(approximately RMB million)</i>	Financial year ended 31 December 2007 <i>(approximately RMB million)</i>
Shandong Deqilong		
Audited profit before taxation and minority interests	208.21	213.88
Audited profit after taxation and minority interests	187.74	103.21

Based on the audited financial statements of Shandong Deqilong, which were prepared under PRC GAAP, as at 31 December 2007, Shandong Deqilong had a net asset value of approximately RMB650.64 million.

Sinochem Fertilizer commissioned an independent auditor, Deloitte Touche Tohmatsu Certified Public Accountants Ltd., to audit the financial statements of Shandong Deqilong for the year ended 31 December 2007. The audited financial statements were issued by the auditors with qualified opinion as adequate information has not been provided to the auditors to assess the accuracy and sufficiency of the provision for External Guarantee which may have impact on the net profit, net asset value and other related items in the financial statements of Shandong Deqilong for the year ended 31 December 2007. In light of the qualified opinion, arrangement had been made and set out in the Acquisition Agreement to deal with the External Guarantee, details of which are set out in item (ii) of the sub-paragraph headed "Consideration" under the paragraph headed "The Acquisition" in this circular.

The auditors also emphasised in its auditors' report that Shandong Deqilong had a net current liability of RMB1,261 million as at the Account Date but such emphasis of matter did not affect the audit opinion given by them. In order to improve Shandong Deqilong's current liability position, the Company proposes to adopt measures to adjust Shandong Deqilong's loan structure and to manage Shandong Deqilong's cashflow in a concentrated manner after the Acquisition.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ACQUISITION

The investment in Shandong Deqilong through the Acquisition will be of strategic significance to the Company in the following aspects:

- (i) The Acquisition demonstrates an achievement of the Group's strategy of "centering on marketing and distribution, and expanding into both production and network distribution" and has significant strategic meaning in strengthening the nitrogen production segment of the Group.
- (ii) Upon Completion, Shandong Deqilong will become the first nitrogen production platform of the Group having an annual production capacity of over 1 million tons. Together with the Company's subsidiary, Jilin Changshan Chemical Fertilizer Group (with an annual urea production capacity of 300,000 tons) and the Company's associated company, Tianji Sinochem Gaoping Chemical Engineering Company Ltd. (with an annual urea production capacity of 600,000 tons), the annual urea production capacity of the Group will exceed 2 million tons. This has a significant effect in reinforcing the Group's strategy for nitrogen products, uplifting the production profitability and diversifying the profit structure of the Group.
- (iii) Upon Completion, the Group has the benefit of further developing its distribution network, in particular, to enhance its product supply in the areas including Shandong, Jiangsu, Anhui and northeast China.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Acquisition Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole. In arriving at this conclusion, the Directors have considered the reasons for and benefits of the Acquisition as well as the financial position of Shandong Deqilong, including the qualified audit opinion and the net current liabilities of Shandong Deqilong.

FINANCIAL EFFECT OF THE ACQUISITION

Upon Completion, Sinochem Fertilizer holds 75% of the equity interests of Shandong Deqilong, and Shandong Deqilong is treated as a subsidiary of the Company and the financial results of Shandong Deqilong will be consolidated into the Group's consolidated financial statements.

On the basis of consolidation accounting treatment, upon completion of the Acquisition, the results of Shandong Deqilong Group will be consolidated into the corresponding lines shown in the Group's consolidated income statement, and the assets and liabilities of Shandong Deqilong Group will be consolidated into the corresponding lines shown in the Group's consolidated balance sheet. Total assets of the Group are expected to increase after taking into account the consolidation of total assets of Shandong Deqilong Group, the deduction of consideration for the Acquisition, and the fair value adjustment on identifiable assets of

LETTER FROM THE BOARD

Shandong Deqilong Group and the corresponding goodwill adjustment as determined on the Completion Date. Total liabilities of the Group are expected to increase after taking into account the consolidation of total liabilities of Shandong Deqilong Group and the fair value adjustment on the identifiable liabilities of Shandong Deqilong Group as determined on the Completion Date. The turnover and expenses of the Group are expected to increase since the results of Shandong Deqilong Group have been contributed to the Group's consolidated income statement.

INFORMATION ON THE COMPANY

The Company is principally engaged in the production, procurement and sale of fertilizers and related products in the PRC. The main business comprises research and development, production, procurement and distribution of fertilizers and forms a vertically integrated business model combining upstream and downstream businesses. The Company aims to serve the agricultural industry in the PRC by introducing quality resources from overseas and to ensure food safety in the PRC.

The Company's subsidiaries, including Sinochem Fertilizer, are also engaged in the production, import, export, distribution, wholesale and retail of fertilizer raw materials and products, as well as research and development and the provision of services in the field of fertilizer-related business and products.

INFORMATION ON COUNTY INVESTMENT COMPANY

County Investment Company is responsible for the operation and management, and to arrange for financing and investment of the state-owned assets in Pingyuan County.

IMPLICATIONS UNDER THE LISTING RULES

The Acquisition Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

ADDITIONAL INFORMATION

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

Yours faithfully,

For and on behalf of the Board of

Sinofert Holdings Limited

Du Ke Ping

Executive Director and Chief Executive Officer

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. INTEREST IN SECURITIES

(a) Interests and short positions of Directors and chief executive in Shares and debentures

As at the Latest Practicable Date, the Directors and chief executive of the Company had the following interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), and the details of any right to subscribe for Shares in the Company, which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Number of Shares beneficially held	Number of unlisted shares options beneficially held (Note 1)	Other derivative interest in the Shares beneficially held (Note 2)	Approximate percentage of aggregate interests to total issued share capital
Liu De Shu	813,200	1,639,800	–	0.0350%
Song Yu Qing	632,800	1,205,200	–	0.0262%
Du Ke Ping	813,200	4,819,800	362,526	0.0856%
Chen Guo Gang	632,800	1,205,200	–	0.0262%
Harry Yang	632,800	1,369,200	253,711	0.0322%
Wade Fetzer III	–	256,000	–	0.0037%

Note 1: The interests of the Directors and chief executive pursuant to unlisted physically settled equity derivatives are held through unlisted share options granted to them in their personal capacities under the share option schemes adopted by the Company on 26 August 2002 and 28 June 2007. Details of these options are as follows:

Name of Director	Date of grant	Total number of options granted on the date of grant	Number of Shares subject to outstanding options as at the Latest Practicable Date	Exercise price	Exercise period	
Liu De Shu	23-1-2006	2,033,000	1,219,800	HK\$1.672	23-1-2008 to 22-1-2012	<i>Note (i)</i>
	28-8-2007	420,000	420,000	HK\$4.99	28-8-2009 to 27-8-2013	<i>Note (ii)</i>
Song Yu Qing	23-1-2006	1,582,000	949,200	HK\$1.672	23-1-2008 to 22-1-2012	<i>Note (i)</i>
	28-8-2007	256,000	256,000	HK\$4.99	28-8-2009 to 27-8-2013	<i>Note (ii)</i>
Du Ke Ping	23-1-2006	5,213,000	4,399,800	HK\$1.672	23-1-2008 to 22-1-2012	<i>Note (i)</i>
	28-8-2007	420,000	420,000	HK\$4.99	28-8-2009 to 27-8-2013	<i>Note (ii)</i>
Chen Guo Gang	23-1-2006	1,582,000	949,200	HK\$1.672	23-1-2008 to 22-1-2012	<i>Note (i)</i>
	28-8-2007	256,000	256,000	HK\$4.99	28-8-2009 to 27-8-2013	<i>Note (ii)</i>
Harry Yang	23-1-2006	1,582,000	949,200	HK\$1.672	23-1-2008 to 22-1-2012	<i>Note (i)</i>
	28-8-2007	420,000	420,000	HK\$4.99	28-8-2009 to 27-8-2013	<i>Note (ii)</i>
Wade Fetzer III	28-8-2007	256,000	256,000	HK\$4.99	28-8-2009 to 27-8-2013	<i>Note (ii)</i>

Note (i): During the period between 23 January 2008 and 22 January 2009, no more than two-thirds of the total number of options granted on 23 January 2006 can be exercised and the remaining options can be exercised during the period between 23 January 2009 and 22 January 2012.

Note (ii): The exercise period of the options granted to each Director above can be analysed as:

- (a) 33.3% of the options granted will be exercisable on or after 28 August 2009;
- (b) 16.7% of the options granted will be exercisable on or after 28 August 2010;
- (c) If the total accumulated basic earnings per share of the Company for the three consecutive fiscal years ending 31 December 2009 is more than 67.40 HK cents, a further of 25% of the options granted will be exercisable on or after 28 August 2010, and the remaining 25% of the options granted will be exercisable on or after 28 August 2011; but if the total accumulated basic earnings per share of the Company for the three consecutive fiscal years ending 31 December 2009 is 67.40 HK cents or less, 50% of the options granted will be forfeited on 28 August 2010.

All remaining unexercised options will be forfeited on 28 August 2013.

Note 2: Mr. Du Ke Ping and Mr. Harry Yang have derivative interests in respect of 362,526 Shares and 253,711 Shares, respectively, in the Company within the meaning of Part XV of the SFO. These derivative interests represent Mr. Du’s and Mr. Yang’s respective entitlement to receive an equivalent value in cash of 362,526 Shares and 253,711 Shares in the Company, subject to, among other things, satisfaction of certain performance targets.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) nor had any interest in the right to subscribe for Shares in the Company which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director and the chief executive was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Notifiable interests and short positions of substantial shareholders and other persons in Shares

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following substantial shareholders of the Company within the meaning of the Listing Rules and other persons (in each case other than the Directors and chief executive of the Company) had an interest or a short position in Shares or underlying Shares which was required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of substantial shareholder	Interests in Shares	
	Number of Shares involved	Approximate percentage of total issued Shares
Sinochem Corporation (<i>Note 1</i>)	5,162,055,015	73.68%
Potashcorp (<i>Note 2</i>)	5,162,055,015	73.68%

Note 1: These Shares represent the corporate interest of Sinochem Corporation held through its wholly-owned subsidiary, Sinochem HK. The interests consist of (a) 3,698,660,874 Shares directly held by Sinochem HK and (b) 1,463,394,141 Shares held by Potashcorp through its wholly-owned subsidiary PCS Barbados in which Sinochem Corporation is deemed to have an interest under sections 317 and 318 of the SFO.

Note 2: These Shares represent the corporate interest of Potashcorp held through its wholly-owned subsidiary, PCS Barbados. The interests consist of (a) 1,463,394,141 Shares directly held by PCS Barbados and (b) 3,698,660,874 Shares held by Sinochem HK in which Potashcorp is deemed to have an interest under sections 317 and 318 of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any substantial shareholder of the Company within the meaning of the Listing Rules or other person (in each case other than a Director or chief executive of the Company) who had, as at the Latest Practicable Date, an interest or a short position in Shares or underlying Shares which was required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO.

(c) Interests in 10% or more of shares in subsidiaries

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following are the persons who (not being a member of the Group or a Director or chief executive of the Company) were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital or of the registered capital carrying rights to vote in all circumstances at general meetings of the subsidiaries of the Company or in any options in respect of such share capital or registered capital:

Name of subsidiary	Name of shareholder	Number of shares held or extent of registered capital interested	Approximate
			percentage of the existing issued share capital or registered capital of the subsidiary
福建中化智勝化肥有限公司 (Fujian Sinochem Zhisheng Chemical Fertilizer Company Limited)	永安智勝化工有限公司 (Yongan Zhisheng Chemical Company Limited)	RMB22,000,000	46.81%
湖北中化東方肥料有限公司 (Hubei Sinochem Dongfang Chemical Fertilizer Company Limited)	湖北東方農化中心 (Hubei Dongfang Agricultural Center)	RMB4,500,000	45%
中化重慶涪陵化工有限公司 (Sinochem Chongqing Fuling Chemical Engineering Company Limited)	重慶市涪陵區財政局 (Chongqing Fuling District Finance Bureau)	RMB31,000,000	38.75%
煙台中化作物營養有限公司 (Sinochem Yantai Crop Nutrition Co., Ltd)	煙台市厚道肥業有限公司 (Yantai City Houdao Fertilizer Company Limited)	RMB580,000	29%

Name of subsidiary	Name of shareholder	Number of shares held or extent of registered capital interested	Approximate percentage of the existing issued share capital or registered capital of the subsidiary
煙台中化作物營養有限公司 (Sinochem Yantai Crop Nutrition Co., Ltd)	煙台港集團有限公司 (Yantai Gang Group Company Limited)	RMB400,000	20%
貴州開陽青龍江有限公司 (Guizhou Kaiyang Qinglongjiang Company Limited)	陳永亮 (Chen Yongliang)	RMB200,000	40%
中化山東肥業有限公司 (Sinochem Shandong Chemical Fertilizer Company Limited)	青海鹽湖工業集團有限公司 (Qinghai Salt Lake Industry Group Co., Ltd)	RMB20,000,000	20%
中化山東肥業有限公司 (Sinochem Shandong Chemical Fertilizer Company Limited)	貴州開磷(集團)有限公司 (Guizhou Kailin (Group) Co., Ltd)	RMB20,000,000	20%
北京中化天脊貿易有限公司 (Beijing Sinochem Tianji Trading Co., Ltd)	天脊煤化工(集團)有限公司 (Tianji Coal and Chemical Engineering Group Company Ltd)	RMB2,000,000	40%
天津北方化肥物流配送有限公司 (Tianjin Beifang Chemical Fertilizer Logistics and Delivery Co., Ltd)	天津港對外經濟技術合作公司 (Tianjin Port Foreign Economics and Technology Cooperation Company)	RMB1,200,000	40%
西寧中田鄂雅錯化工有限公司 (Xining Zhongtian Eyacuo Chemical Company Limited)	西寧三田世紀廣場有限責任公司 (Xining Santian Shiji Guangchang Company Limited)	RMB739,500	24.65%
Shandong Deqilong	County Investment Company	RMB75,000,000	25%

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any person (other than a member of the Group or a Director or chief executive of the Company) who was, as at the Latest Practicable Date, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital or of the registered capital carrying rights to vote in all circumstances at general meetings of the subsidiaries of the Company or in any options in respect of such share capital or registered capital.

3. DIRECTORS' SERVICE CONTRACTS

Mr. Du Ke Ping, an executive Director and the Chief Executive Officer of the Company, has entered into a director's service contract with the Company for a term of 3 years, with effect from 28 July 2005, subject to: (i) the service contract may be terminated prior to its expiry if either of Mr. Du or the Company serves two months' prior notice to the other in writing; or (ii) the service contract may be terminated by the Company in the case of bankruptcy, disease and any other significant faults of a director as described in the service contract. Should the Company terminate the contract prior to its expiry, Mr. Du is entitled to receive a cash compensation equivalent to 11 months' of his basic salary, save for circumstances described in item (ii) above.

Mr. Harry Yang, an executive Director and Deputy General Manager of the Company, has entered into a director's service contract with the Company for a term of 3 years, with effect from 6 March 2006, subject to: (i) the service contract may be terminated prior to its expiry if either of Mr. Yang or the Company serves two months' prior notice to the other in writing; or (ii) the service contract may be terminated by the Company in the case of bankruptcy, disease and any other significant faults of a director as described in the service contract. Should the Company terminate the contract prior to its expiry, Mr. Yang is entitled to receive a cash compensation equivalent to 11 months' of his basic salary, save for circumstances described in item (ii) above.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, Mr. Harry Yang, an executive Director and Deputy General Manager of the Company, is also a director of US Agri-Chemicals Corporation, which is a wholly-owned subsidiary of Sinochem Corporation. Although US Agri-Chemicals Corporation ceased its operation in November 2005, as at the Latest Practicable Date, it still maintained its company registration with the relevant authorities in the United States. As at the same date, other than Mr. Yang, none of the directors of US Agri-Chemicals Corporation held any positions or assumed any role in the Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any member of the Group.

6. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Navin Aggarwal, solicitor of Hong Kong.
- (b) The qualified accountant of the Company is Ms. Cheung Kar Mun, Cindy, an associate member of the Hong Kong Institute of Certified Public Accountants.
- (c) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (d) The principal place of business and head office of the Company in Hong Kong is at Units 4601-4610, 46th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.
- (e) The principal share registrar of the Company is The Bank of Bermuda Limited at 6 Front Street, Hamilton HM 11, Bermuda.
- (f) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (g) The registered office of Sinochem Corporation is at Central Tower, Chemsunny World Trade Centre, 28 Fuxingmen Nei Road, Beijing 100031, PRC.

7. GENERAL

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.