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If you are in any doubt as to any aspect of this circular or as to the action to be taken, 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 Sinofert Holdings Limited, you should at once hand this circular and the accompanying form of proxy 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)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE FERTILIZER SALES CO-OPERATION FRAMEWORK AGREEMENT

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



China Everbright Capital Limited

A letter from the Board is set out on pages 4 to 10 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 11 to 12 of this circular. A letter from China Everbright, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 22 of this circular.

A notice convening the SGM of Sinofert Holdings Limited to be held at Chief Executive Suite II & III, 5th Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 9 December 2010 at 3:15 p.m. (or so soon thereafter as the special general meeting of the Company to be held at 3:00 p.m. at the same date and venue shall have concluded or adjourned) is set out on pages 27 to 28 of this circular. Whether or not you are able to attend and vote at the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy as instructed will not preclude you from subsequently attending and voting at the meeting or any adjourned meeting if you so wish.

* For identification purposes only

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DEFINITIONS

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

“2007 Announcement”	the announcement of the Company dated 16 November 2007
“Annual Cap(s)”	the maximum annual values of the transactions contemplated under the Fertilizer Sales Co-operation Framework Agreement for each of the three years ending 31 December 2013
“associate(s)”	has the meaning ascribed 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
“China Everbright” or “Independent Financial Adviser”	China Everbright Capital Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Fertilizer Sales Co-operation Framework Agreement (including the Annual Caps and together with the transactions contemplated thereunder)
“Company”	Sinofert Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Fertilizer Sales Co-operation Framework Agreement”	the fertilizer sales co-operation framework agreement signed among Sinochem Group, Sinochem Macao and Sinochem Fertilizer dated 22 November 2010

DEFINITIONS

“Former Import Service Framework Agreement”	the import service framework agreement signed among Sinochem Corporation (now known as Sinochem Group), Sinochem Macao and Sinochem Fertilizer dated 16 November 2007
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company formed to consider the terms of the Fertilizer Sales Co-operation Framework Agreement (including the Annual Caps and together with the transactions contemplated thereunder)
“Independent Shareholders”	Shareholders other than Sinochem Group and its associates
“Latest Practicable Date”	17 November 2010, 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
“Macao”	the Macao Special Administrative Region of the PRC
“PRC”	the People’s Republic of China and for the purpose of this circular excluding Taiwan, Hong Kong and Macao
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at Chief Executive Suite II & III, 5th Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 9 December 2010 at 3:15 p.m. (or so soon thereafter as the special general meeting of the Company to be held at 3:00 p.m. at the same date and venue shall have concluded or adjourned) or any adjournment thereof, the notice of which is set out on pages 27 to 28 of this circular

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	registered holder(s) of Share(s)
“Sinochem Corporation”	中國中化股份有限公司 (Sinochem Corporation), a joint stock company with limited liability incorporated in the PRC which is owned as to 98% by Sinochem Group, and the holding company of Sinochem HK
“Sinochem Fertilizer”	中化化肥有限公司 (Sinochem Fertilizer Company Limited), a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
“Sinochem Group”	中國中化集團公司 (Sinochem Group), a state-owned enterprise established in the PRC which holds 98% of the shares in Sinochem Corporation
“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
“Sinochem Macao”	Sinochem Fertilizer Macao Commercial Offshore Limited, a company incorporated in Macao, an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America

For the purposes of illustration only, US\$ is translated into HK\$ at the rate of US\$1.00 = HK\$7.7565, while RMB is translated into HK\$ at the rate of RMB1.00 = HK\$1.1665. No representation is made that any amount in US\$ or RMB has been or could be converted at the above rates or at any other rates or at all.

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:

FENG Zhi Bin (*Chief Executive Officer*)

Harry YANG

Non-executive Directors:

LIU De Shu (*Chairman*)

YANG Lin

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

23 November 2010

*To the Shareholders and, for information only,
holders of share options and the Bonds*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE FERTILIZER SALES CO-OPERATION FRAMEWORK AGREEMENT

INTRODUCTION

Reference is made to the announcement of the Company dated 22 November 2010 in relation to the Fertilizer Sales Co-operation Framework Agreement and the transactions contemplated thereunder.

* *For identification purposes only*

LETTER FROM THE BOARD

As disclosed in the 2007 Announcement, the Group conducts, *inter alia*, continuing connected transactions under the Former Import Service Framework Agreement, which shall expire on 31 December 2010. On 22 November 2010, Sinochem Group, Sinochem Macao and Sinochem Fertilizer entered into the Fertilizer Sales Co-operation Framework Agreement, pursuant to which the parties agreed to enter into transactions for the import of fertilizer products into the PRC.

Sinochem Group holds a 98% equity interest in Sinochem Corporation, which in turn wholly-owns Sinochem HK, which in turn owns approximately 52.7% of the Company as of the Latest Practicable Date. Sinochem Group is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions between Sinochem Group and the Group under the Fertilizer Sales Co-operation Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

The purpose of this circular is to provide you with (i) further information on the details of the Fertilizer Sales Co-operation Framework Agreement and the transactions contemplated thereunder; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from China Everbright to the Independent Board Committee and the Independent Shareholders; (iv) the notice of the SGM; and (v) other information as required under the Listing Rules.

PARTICULARS OF THE TRANSACTIONS

Particulars relating to the transactions under the Fertilizer Sales Co-operation Framework Agreement are described below:

Date: 22 November 2010

- Parties:**
- (i) Sinochem Group, a key state-controlled enterprise established in 1950, has five business segments including agricultural, energy, chemical, real estate and finance. It is the biggest integrated agricultural company with fertilizer, pesticide and seed products, and the fourth largest oil company and a leading chemical service provider in the PRC. It is also involved in high-end commercial real estate market and non-banking financial market in the PRC
 - (ii) Sinochem Macao, which is principally engaged in sourcing fertilizer products and other related agricultural products for the Group from overseas suppliers
 - (iii) Sinochem Fertilizer, which is principally engaged in the import and export, distribution and retail of fertilizer raw materials and finished products

LETTER FROM THE BOARD

Nature of transactions

Under PRC law, the Group is not allowed to import fertilizer products into the PRC (except for small amount trade in border areas (邊境小額貿易) as approved under the PRC law) and the right to import fertilizer products is only granted to Sinochem Group and several other importers. Accordingly, Sinochem Group has agreed to provide import service to the Group pursuant to the Fertilizer Sales Co-operation Framework Agreement.

Pursuant to such agreement, fertilizer products sourced from overseas by Sinochem Macao for Sinochem Fertilizer will first be sold to Sinochem Group. Sinochem Group, as an approved importer of fertilizer products in the PRC, will import the products sourced by Sinochem Macao and sell all of such to Sinochem Fertilizer. Sinochem Group will also import a small amount of fertilizer products direct from overseas from time to time. Sinochem Group has undertaken that, except for any fertilizer products imported by it on behalf of its other customers, it will sell all the fertilizer products it imports to Sinochem Fertilizer exclusively. On the other hand, Sinochem Fertilizer is free to purchase fertilizer products from any authorized importers.

Sinochem Group, Sinochem Macao and Sinochem Fertilizer will, in accordance with the provisions and principles stipulated in the Fertilizer Sales Co-operation Framework Agreement, enter into further specific agreements for the fertilizer products to be imported through Sinochem Group.

Pricing and payment

Under the Fertilizer Sales Co-operation Framework Agreement, the pricing principles for the sale and purchase of fertilizer products between the parties are as follows:

- (i) the price to be paid by Sinochem Group to Sinochem Macao for fertilizer products sold by Sinochem Macao to Sinochem Group will be set in accordance with the prevailing international market price;
- (ii) the price to be paid by Sinochem Fertilizer to Sinochem Group for fertilizer products sourced from overseas by Sinochem Macao will be set in accordance with the purchasing price paid by Sinochem Group plus reasonable costs incurred by Sinochem Group in relation to the import of fertilizer products; and
- (iii) the price to be paid by Sinochem Fertilizer to Sinochem Group for fertilizer products sourced by Sinochem Group direct from overseas suppliers will be set in accordance with the prevailing domestic wholesale market price.

Payments for the fertilizer products may be settled by way of letter of credit or such other means as may be decided upon by the parties.

LETTER FROM THE BOARD

Termination and expiration

Where a party to the Fertilizer Sales Co-operation Framework Agreement has committed a breach of any terms of the agreement and such breach is not remedied within 60 days of the date of written notice from the other parties requesting remedy of the breach, the other parties may terminate the agreement. Otherwise, only Sinochem Macao or Sinochem Fertilizer may terminate the agreement by giving one month's notice to the other parties.

The Fertilizer Sales Co-operation Framework Agreement will expire on 31 December 2013. The term of the agreement can be extended with the consent of Sinochem Group, Sinochem Macao and Sinochem Fertilizer.

REASONS FOR THE TRANSACTIONS

The Fertilizer Sales Co-operation Framework Agreement is entered into because under PRC law, the Group is not allowed to import fertilizer products into the PRC (except for small amount trade in border areas (邊境小額貿易) as approved under the PRC law) and the right to import fertilizer products is only granted to Sinochem Group and several other importers. Therefore, the Group has to import fertilizer products through authorized importers, such as Sinochem Group.

The Directors (including the independent non-executive Directors) consider the Fertilizer Sales Co-operation Framework Agreement between Sinochem Group, Sinochem Macao and Sinochem Fertilizer necessary and conducive to the Group's sales operations, and that it would be in the interest of the Group to enter into the Fertilizer Sales Co-operation Framework Agreement.

PROPOSED ANNUAL CAPS

Transaction between Sinochem Macao and Sinochem Group

The proposed annual caps in respect of the continuing connected transaction between Sinochem Macao and Sinochem Group under the Fertilizer Sales Co-operation Framework Agreement for each of the three years ending 31 December 2013 are US\$1,370,000,000 (approximately HK\$10,626,405,000), US\$1,625,200,000 (approximately HK\$12,605,864,000) and US\$1,939,792,000 (approximately HK\$15,045,997,000), respectively.

Such estimates are calculated based on the projected quantities of purchase by Sinochem Group for Sinochem Fertilizer through the arrangement with Sinochem Macao and the projected average price per tonne of fertilizer products for each of the relevant years (which is set in accordance with the prevailing international market price).

The historical amounts of such continuing connected transaction under the Former Import Service Framework Agreement for the two years ended 31 December 2009 and the six months ended 30 June 2010 were approximately US\$1,649,862,000 (approximately HK\$12,797,155,000), US\$363,298,000 (approximately HK\$2,817,921,000) and US\$297,449,000 (approximately HK\$2,307,163,000), respectively.

LETTER FROM THE BOARD

Transaction between Sinochem Fertilizer and Sinochem Group

The proposed annual caps in respect of the continuing connected transaction between Sinochem Fertilizer and Sinochem Group under the Fertilizer Sales Co-operation Framework Agreement for each of the three years ending 31 December 2013 are RMB11,657,104,000 (approximately HK\$13,598,012,000), RMB14,162,276,000 (approximately HK\$16,520,295,000) and RMB17,164,235,000 (approximately HK\$20,022,080,000), respectively.

Such estimates are calculated based on:

- (i) the projected quantities of sales of fertilizer products sourced from overseas by Sinochem Macao, and the projected average price per tonne of fertilizer products for each of the relevant years (which is set on a cost basis) and the estimated costs incurred by Sinochem Group for the importation of such fertilizer products; and
- (ii) the projected quantities of sales of fertilizer products sourced by Sinochem Group direct from overseas suppliers to Sinochem Fertilizer and the projected average price per tonne of fertilizer products for each of the relevant years (which is set in accordance with the prevailing domestic wholesale market price).

The historical amounts of such continuing connected transaction under the Former Import Service Framework Agreement for the two years ended 31 December 2009 and the six months ended 30 June 2010 were approximately RMB10,604,981,000 (approximately HK\$12,370,710,000), RMB2,714,613,000 (approximately HK\$3,166,596,000) and RMB2,184,521,000 (approximately HK\$2,548,244,000), respectively.

IMPLICATIONS UNDER THE LISTING RULES

Sinochem Group holds a 98% equity interest in Sinochem Corporation, which in turn wholly-owns Sinochem HK, which in turn owns approximately 52.7% of the Company as of the Latest Practicable Date. Sinochem Group is therefore a connected person of the Company under the Listing Rules.

As the applicable percentage ratios in respect of the Annual Caps are more than 5% and the maximum annual values of the transactions contemplated thereunder are more than HK\$10 million, the Fertilizer Sales Co-operation Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

Mr. Liu De Shu and Mr. Yang Lin, as Directors nominated by Sinochem HK, are regarded as having a material interest in the Fertilizer Sales Co-operation Framework Agreement and have abstained from voting on the board resolutions passed to approve the Fertilizer Sales Co-operation Framework Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors) consider that the Fertilizer Sales Co-operation Framework Agreement was entered into after arm's length negotiations and reflect normal commercial terms, and that the terms of the agreement and the transactions thereunder are fair and reasonable so far as the Shareholders are concerned, and are in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE GROUP

The Group 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 Group aims to serve the agricultural industry in the PRC by introducing quality resources from overseas and to ensure food security in the PRC.

SGM

Given that the Fertilizer Sales Co-operation Framework Agreement, the transactions contemplated thereunder and the Annual Caps are subject to the reporting, announcement, independent shareholders' approval and annual review requirements as set out in Rule 14A.35 of the Listing Rules, a resolution approving the Fertilizer Sales Co-operation Framework Agreement, the transactions contemplated thereunder and the Annual Caps shall be proposed at the SGM. Sinochem Group and its associates are required to abstain and shall abstain from voting on the resolution to be proposed at the SGM. A notice convening the SGM to be held at Chief Executive Suite II & III, 5th Floor, Grant Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 9 December 2010 at 3:15 p.m. (or so soon thereafter as the special general meeting of the Company to be held at 3:00 p.m. at the same date and venue shall have concluded or adjourned) is set out on pages 27 to 28 of this circular.

A form of proxy for the SGM is enclosed herewith. Whether or not Shareholders are able to attend and vote at the SGM, they are requested to complete the enclosed form of proxy and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy as instructed will not prevent Shareholders from subsequently attending and voting at the SGM or any adjourned meeting if they so wish.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the Fertilizer Sales Co-operation Framework Agreement was entered into after arm's length negotiations and reflect normal commercial terms, and that the terms of the agreement and the transactions thereunder are fair and reasonable so far as the Shareholders are concerned, and are in the interests of the Company and its Shareholders as a whole. The Directors therefore recommend the Independent Shareholders to vote in favour of the relevant resolution set out in the notice of the SGM.

LETTER FROM THE BOARD

FURTHER INFORMATION

The Independent Board Committee comprising all three independent non-executive Directors has been appointed to advise the Independent Shareholders in respect of the terms of the Fertilizer Sales Co-operation Framework Agreement (including the Annual Caps) and the transactions contemplated thereunder. China Everbright has been appointed to advise the Independent Board Committee and the Independent Shareholders in such regard. Accordingly, your attention is drawn to the letter from the Independent Board Committee set out on pages 11 to 12 of this circular, which contains its recommendation to the Independent Shareholders and the letter from China Everbright set out on pages 13 to 22 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders.

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

Yours faithfully,
For and on behalf of the Board of
Sinofert Holdings Limited
Feng Zhi Bin
Executive Director and Chief Executive Officer



SINOFERT HOLDINGS LIMITED

中化化肥控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 297)

23 November 2010

To: the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
THE FERTILIZER SALES CO-OPERATION FRAMEWORK AGREEMENT**

We refer to the circular of the Company dated 23 November 2010 (the “Circular”) to the Shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context otherwise requires.

In compliance with the Listing Rules, we have been appointed to advise the Independent Shareholders in relation to the terms of the Fertilizer Sales Co-operation Framework Agreement (including the Annual Caps) and the transactions contemplated thereunder, which constitute continuing connected transactions of the Company under the Listing Rules. In this connection, China Everbright has been appointed as the Independent Financial Adviser to advise on whether the terms of the Fertilizer Sales Co-operation Framework Agreement (including the Annual Caps) and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable to the Independent Shareholders, and in the interests of the Company and the Shareholders as a whole. Details of, and the reasons for, the entering into of the Fertilizer Sales Co-operation Framework Agreement are contained in the letter from the Board set out on pages 4 to 10 of the Circular.

* For identification purposes only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Fertilizer Sales Co-operation Framework Agreement (including the Annual Caps) and the transactions contemplated thereunder, and the advice of China Everbright, the Independent Financial Adviser to us and the Independent Shareholders set out on pages 13 to 22 of the Circular, we consider that the terms of the Fertilizer Sales Co-operation Framework Agreement (including the Annual Caps) and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group, and are fair and reasonable to the Independent Shareholders and in the interests of the Company and the Shareholders as a whole.

Yours faithfully,
Independent Board Committee of
Sinofert Holdings Limited
Tse Hau Yin, Aloysius
Ko Ming Tung, Edward,
Tang Tin Sek

LETTER FROM CHINA EVERBRIGHT

The following is the letter of advice from China Everbright to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



23 November 2010

*To: the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE FERTILIZER SALES CO-OPERATION FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our engagement as the independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders in relation to the continuing connected transactions contemplated under the Fertilizer Sales Co-operation Framework Agreement (the “**Continuing Connected Transactions**”).

The details of the Continuing Connected Transactions are set out in the Letter from the Board in the circular to the Shareholders dated 23 November 2010 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Sinochem Group, through Sinochem HK, owned approximately 52.7% of the Company as at the Latest Practicable Date, and thus Sinochem Group is a connected person of the Company under the Listing Rules. As the applicable percentage ratios in respect of the Annual Caps are more than 5% and the maximum annual values of the Continuing Connected Transactions are more than HK\$10 million, the Fertilizer Sales Co-operation Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, independent shareholders’ approval and annual review requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all of the three independent non-executive Directors, namely Mr. Ko Ming Tung, Edward, Dr. Tang Tin Sek and Mr. Tse Hau Yin, Aloysius, has been formed to consider whether (i) the terms of the Continuing Connected Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group; and (ii) the Continuing Connected Transactions, including the Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole, and to make recommendations to the

LETTER FROM CHINA EVERBRIGHT

Independent Shareholders in respect thereof. We, China Everbright Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Apart from normal professional fees for our services to the Company in connection with the engagement described above, no arrangement exists whereby we will receive any fees and benefits from the Group, Sinochem Group or any of their respective associates. We are independent from and not connected with the Group and Sinochem Group or any of their respective substantial shareholders, directors or chief executive, or any of their respective associates pursuant to Rule 13.84 of the Listing Rules, and are accordingly qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Continuing Connected Transactions.

BASIS OF OUR OPINION

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management (“**Management**”) of the Company and have assumed that such information, facts and opinions are true and accurate. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. However, we have not conducted any independent investigation into the business, operations or financial condition of the Group and Sinochem Group. We have assumed that all statements and representations made or referred to in the Circular were accurate at the time when they were made and are true at the date of the Circular.

We consider we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our views on the Continuing Connected Transactions, we have taken into consideration the principal factors and reasons as set out below. In reaching our conclusion, we have considered the results of the analysis in light of each other and ultimately reached our opinion based on the results of all analysis taken as a whole.

1. Background of and reasons for the Continuing Connected Transactions

The Group is principally engaged in the production, procurement and sale of fertilizer products, including potash, phosphate-based, nitrogen-based and compound fertilizer, and related products in the PRC. The main business comprises research and development, production, procurement and distribution of fertilizer products and forms a vertically integrated business model combining upstream and downstream businesses. The Group is the largest fertilizer products distributor and the largest supplier of imported fertilizer products in the PRC.

LETTER FROM CHINA EVERBRIGHT

Sinochem Group, a key state-controlled enterprise established in 1950, has five business segments including agricultural, energy, chemical, real estate and finance. It is the biggest integrated agricultural company with fertilizer, pesticide and seed products, and the fourth largest oil company and a leading chemical service provider in the PRC. It is also involved in high-end commercial real estate market and non-banking financial market in the PRC.

As advised by the Management, pursuant to the PRC law, only approved importers are allowed to import fertilizer products into the PRC. At present, only Sinochem Group, and several other importers, have been granted the right to import fertilizer products into the PRC.

In view of (i) the long-established business relationship between the Group and Sinochem Group; and (ii) Sinochem Group is one of the approved importers of fertilizer products in the PRC, on 6 June 2005, Sinochem Macao and Sinochem Fertilizer, both wholly-owned subsidiaries of the Company, entered into an agreement (the **“2005 Import Service Framework Agreement”**) with Sinochem Group.

Under the 2005 Import Service Framework Agreement, Sinochem Macao, being the international procurement arm of the Group, sourced fertilizer products from overseas and sold them to Sinochem Group. Sinochem Group, as an approved importer of fertilizer products in the PRC, imported the fertilizer products and sold them (except for any such products imported by Sinochem Group as an agent for other customers) to Sinochem Fertilizer. The 2005 Import Service Framework Agreement (including the related annual caps for the three years ended 31 December 2007) was approved by the then Independent Shareholders.

In view of the expiry of the 2005 Import Service Framework Agreement on 31 December 2007, the Former Import Service Framework Agreement was signed by Sinochem Group, Sinochem Macao and Sinochem Fertilizer on 16 November 2007 in order to govern the conduct of the transactions contemplated under the Former Import Service Framework Agreement for the three years ending 31 December 2010. The Former Import Service Framework Agreement (including the related annual caps for the three years ending 31 December 2010) was approved by the then Independent Shareholders on 28 December 2007.

The Former Import Service Framework Agreement will expire on 31 December 2010. As the Group will continue to transact with Sinochem Group after 31 December 2010, on 22 November 2010 Sinochem Group, Sinochem Macao and Sinochem Fertilizer entered into the Fertilizer Sales Co-operation Framework Agreement for a further term expiring on 31 December 2013, which will be put forward for approval by the Independent Shareholders at the SGM.

As the Group does not have legal right to import fertilizer products into the PRC (except for small amount trade in border areas (邊境小額貿易) as approved under the PRC law), the Group needs to import fertilizer products through authorized importers, such as Sinochem Group. Therefore, the Directors consider that the transactions contemplated under the Fertilizer Sales Co-operation Framework Agreement between Sinochem Group, Sinochem Macao and Sinochem Fertilizer are necessary and conducive to the Group's sales operations, and that it would be in the interest of the Group to enter into the Fertilizer Sales Co-operation Framework Agreement.

LETTER FROM CHINA EVERBRIGHT

Having considered that (i) Sinochem Group is one of the approved importers of fertilizer products in the PRC; and (ii) Sinochem Group have provided the import service to the Group for over 5 years, we are of the view that the entering into of the Fertilizer Sales Co-operation Framework Agreement is in the ordinary and usual course of business of the Group. It enables the Group to secure the service of an approved importer to arrange for the import of fertilizers from overseas suppliers, which is necessary for its smooth business operations.

2. Major terms of the Fertilizer Sales Co-operation Framework Agreement

On 22 November 2010, Sinochem Group, Sinochem Macao and Sinochem Fertilizer entered into the Fertilizer Sales Co-operation Framework Agreement expiring on 31 December 2013 to regulate the future business transactions between Sinochem Group, Sinochem Macao and Sinochem Fertilizer. We noted that, save for the Annual Caps, there are no material changes to the terms of the Fertilizer Sales Co-operation Framework Agreement, compared with that of the Former Import Service Framework Agreement.

Pursuant to the Fertilizer Sales Co-operation Framework Agreement, fertilizer products sourced from overseas by Sinochem Macao for Sinochem Fertilizer will first be sold to Sinochem Group, an approved importer of fertilizer products in the PRC, which will then be sold to Sinochem Fertilizer in the PRC. Sinochem Group will import a small amount of fertilizer products directly from overseas from time to time. Sinochem Group has undertaken that except for the fertilizer products imported by it as an agent for its other customers, it will sell all the fertilizer products it imports to Sinochem Fertilizer exclusively. On the other hand, Sinochem Fertilizer is free to purchase fertilizer products from any authorized importers.

For fertilizer products sourced by Sinochem Macao for Sinochem Fertilizer, the price to be paid by Sinochem Group to Sinochem Macao will be set in accordance with prevailing international market price. For fertilizer products sell to Sinochem Fertilizer by Sinochem Group sourced from overseas by Sinochem Macao, Sinochem Group will charge Sinochem Fertilizer on a cost basis, that is, based on the price of the imported fertilizer products purchased from Sinochem Macao plus product inspection costs, customs and excise handling charges, import duty, value-added tax, and fixed administrative costs in relation to the import of the fertilizer products. For fertilizer products sourced by Sinochem Group directly from overseas, Sinochem Group will charge Sinochem Fertilizer in accordance with prevailing domestic wholesale market price. Payments for the fertilizer products may be settled by way of letter of credit or such other means as may be decided upon by the parties of the Fertilizer Sales Co-operation Framework Agreement.

As stated in the Letter from the Board, Sinochem Group, Sinochem Macao and Sinochem Fertilizer will, in accordance with the provisions and principles stipulated in the Fertilizer Sales Co-operation Framework Agreement, enter into further specific agreements for the products to be imported through Sinochem Group.

Taking into account that (i) the Group does not have legal right to import fertilizer products into the PRC (except for small amount trade in border areas (邊境小額貿易) as approved under the PRC law), and therefore the Group needs to import fertilizer products through authorized importers such as Sinochem Group; (ii) Sinochem Group will charge Sinochem Fertilizer on a cost basis, that is, based on the price of the imported fertilizer

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products purchased from Sinochem Macao plus product inspection costs, customs and excise handling charges, import duty, value-added tax, and fixed administrative costs in relation to the import of the fertilizer products; and (iii) we reviewed sample contracts between (a) Sinochem Macao and overseas fertilizer suppliers; (b) Sinochem Macao and Sinochem Group; and (c) Sinochem Group and Sinochem Fertilizer; and noted that the sample transactions were conducted in accordance with the terms of the relevant agreement governing the transactions, we are of the view that the terms of the Fertilizer Sales Co-operation Framework Agreement are on normal and commercial terms.

3. Annual Caps

As set out in the Letter from the Board, the Directors estimated that (i) the proposed annual caps in respect of the continuing connected transaction between Sinochem Macao and Sinochem Group under the Fertilizer Sales Co-operation Framework Agreement for each of the three years ending 31 December 2013 are US\$1,370,000,000, US\$1,625,200,000 and US\$1,939,792,000, respectively; and (ii) the proposed annual caps in respect of the continuing connected transaction between Sinochem Fertilizer and Sinochem Group under the Fertilizer Sales Co-operation Framework Agreement for each of the three years ending 31 December 2013 are RMB11,657,104,000, RMB14,162,276,000 and RMB17,164,235,000, respectively.

In assessing the reasonableness of the Annual Caps, we have discussed with the Management regarding the principal assumptions and the basis adopted for the determination of the Annual Caps, and understand that the Company has taken into account the following factors:

(a) *Historical transaction amounts under the Former Import Service Framework Agreement*

(i) *Historical transaction between Sinochem Macao and Sinochem Group*

	For the year ended 31 December		For the six months ended
	2008	2009	30 June 2010
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Historical transaction amount	1,649,862	363,298	297,449
Annual caps under the Former Import Service Framework Agreement	2,454,840	2,705,820	3,029,700
Utilization of the historical transaction amount to the annual caps under the Former Import Service Framework Agreement (%)	67.2%	13.4%	9.8%

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(ii) *Historical transaction between Sinochem Fertilizer and Sinochem Group*

	For the year ended		For the
	31 December		six months
	2008	2009	ended
	RMB'000	RMB'000	30 June
			2010
			RMB'000
Historical transaction amount	10,604,981	2,714,613	2,184,521
Annual caps under the Former Import Service Framework Agreement	18,663,080	20,570,980	23,032,950
Utilization of the historical transaction amount to the annual caps under the Former Import Service Framework Agreement (%)	56.8%	13.2%	9.5%

As shown above, we noted that the actual transaction amounts under the Former Import Service Framework Agreement were substantially lower than the approved annual caps for the Former Import Service Framework Agreement in 2009 and the first half of 2010. After discussion with the Management, we were informed that since 2009, the global economic crisis, together with the negative impacts arising from severe oversupply, intense market competition and falling prices of fertilizer products affected the overall fertilizer market in the PRC.

As a result, the purchase of imported fertilizer products, in particular potash fertilizers, by Sinochem Fertilizer from Sinochem Group decreased by approximately 74.4% from approximately RMB10.6 billion in 2008 to approximately RMB2.7 billion in 2009.

In this circumstance, the sales of fertilizer products sourced from overseas by Sinochem Macao to Sinochem Group, which were then sold to Sinochem Fertilizer, also decreased by approximately 78.0% from approximately US\$1.65 billion in 2008 to approximately US\$0.36 billion in 2009.

As stated in the 2010 interim report of the Company, since the beginning of the year 2010, agricultural production encountered a series of natural disasters, including a prolonged chilly spring, rainstorms and snowstorms in northern China, droughts and floodings in southern China. These natural disasters delayed sales peak season for spring fertilizer application and substantially dampened fertilizer demand, which further deteriorated the oversupply situation in the fertilizer market in the PRC and depressed prices of fertilizer products. The fertilizer market in the PRC has yet to recover fully from the downturn caused by the financial crisis during the first half of 2010.

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In light of the above, we are of the view that the historical transaction amounts under the Former Import Service Framework Agreement in 2009 and the first half of 2010 were unexceptional and may not reflect the normal business activities of the Group.

(b) Outlook of the fertilizer market in the PRC

After discussion with the Management, although the demand for fertilizer products was negatively affected by global economic crisis, together with the negative impacts arising from severe oversupply, intense market competition and falling prices of fertilizer products since 2009, the Management consider that it should not derail the long term development of fertilizer market in the PRC.

According to an article released by Potash Corporation of Saskatchewan Inc. on 29 April 2010, we understand that after an unprecedented decline in fertilizer applications in 2009, replenishment of soil nutrient levels, which is essential to protect global food production, is re-emerging as a priority. Large, high-yield crops utilized significant amounts of nutrients from the soil, which must be replaced in order to maintain production on existing land and achieve yield potential. Food inflation concerns in developing countries are issues of national security, and governments are focusing their efforts on productivity, recognizing that balanced crop nutrition is an essential component in feeding their growing populations.

In the PRC, where crop prices are higher than in other parts of the world, the government is increasing its support for agronomy programs, including the increased use of soil testing, to improve farming practices and food production. The long-term trends of growth in global food consumption remain intact and are expected to support crop prices at levels well above historical norms, allowing farmers to generate solid economic returns. Rising livestock prices reflect early indications of a recovery in this sector, which will put additional pressure on grain supplies. These positive factors will help lay the groundwork for improved fertilization and increased food production.

According to an article posted on China Agri-Production News (中國農資傳媒網) on 15 October 2010, the PRC Government carried out favourable policies for agriculture, which bring confidence to fertilizer market. According to the PRC Government work report delivered at the beginning of 2010, the PRC Government would keep on directly subsidizing grain producers and raise subsidy for means of agricultural production. On 11 August 2010, the State Council of the PRC announced that the PRC Government decided to allocate fertilizers as subsidy worth of RMB11 per hectare for rice planting zone in eight provinces in the southern part of the PRC. These positive factors provided solid foundation for domestic fertilizer industry in the PRC to recover from the financial crisis and to achieve continuous development.

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(c) Estimation basis of the Annual Caps

As stated in the Letter from the Board, the proposed annual caps in respect of the continuing connected transaction between Sinochem Macao and Sinochem Group are calculated based on the projected quantities of purchase by Sinochem Group for Sinochem Fertilizer through the arrangement with Sinochem Macao and the projected average price per tonne of fertilizer products for each of the relevant years (which is set in accordance with the prevailing international market price).

Regarding the proposed annual caps in respect of the continuing connected transaction between Sinochem Fertilizer and Sinochem Group, such estimates are calculated based on (i) the projected quantities of sales of fertilizer products sourced from overseas by Sinochem Macao, and the projected average price per tonne of fertilizer products for each of the relevant years (which is set on a cost basis) and the estimated costs incurred by Sinochem Group for the importation of such fertilizer products; and (ii) the projected quantities of sales of fertilizer products sourced by Sinochem Group direct from overseas suppliers to Sinochem Fertilizer and the projected average price per tonne of fertilizer products for each of the relevant years (which is set in accordance with the domestic wholesale market price).

After discussion with the Management, we understand that the proposed annual caps in respect of the continuing connected transaction between Sinochem Fertilizer and Sinochem Group for the year ending 31 December 2011 was mainly estimated with reference to (i) the current market price of imported fertilizer products; (ii) the actual purchase volume of imported fertilizer products by Sinochem Fertilizer from Sinochem Group during the nine months ended 30 September 2010; and (iii) the estimated purchase volume of imported fertilizer products by Sinochem Fertilizer from Sinochem Group during the three months ending 31 December 2010.

As benefited from the positive factors as mentioned in the above section headed “Outlook of the fertilizer market in the PRC”, it is expected that demand for imported fertilizer products will resume gradually to normal in 2010 and the international sourcing of fertilizer products, in particular, potash fertilizers, will resume to grow in order to meet the anticipated sustainable growth in demand for fertilizers in the PRC.

In view of (i) the expected escalation in international sourcing of fertilizers products; and (ii) the expected growth in demand for fertilizer products which may push up fertilizer prices, we consider the Annual Caps can allow Sinochem Fertilizer to capture the growth potential in the imported fertilizer market in the PRC as well as to accommodate the expected rise in fertilizer prices.

Having considered the above, we are of the view that the basis adopted by the Management in determining the Annual Caps is fair and reasonable so far as the Independent Shareholders are concerned. However, Shareholders should note that the Annual Caps relate to future events and they do not represent a forecast of turnover to be generated from the Continuing Connected Transactions.

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4. Requirements of the Listing Rules on the Continuing Connected Transactions

Pursuant to Rules 14A.37 to 14A.40 of the Listing Rules, the Continuing Connected Transactions are subject to the following annual review requirements:

- (a) each year the independent non-executive Directors must review the Continuing Connected Transactions and confirm in the annual report and accounts that the Continuing Connected Transactions have been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
 - (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report) confirming that the Continuing Connected Transactions:
 - (i) have received the approval of the Board;
 - (ii) are in accordance with the pricing policies of the Group;
 - (iii) have been entered into in accordance with the terms of the relevant agreements governing the Continuing Connected Transactions; and
 - (iv) have not exceeded the Annual Caps;
- (c) the Company shall allow, and shall procure the relevant counter-parties to the Continuing Connected Transactions shall allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Continuing Connected Transactions as set out in paragraph (b); and
- (d) the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or auditors of the Company will not be able to confirm the matters set out in paragraphs (a) and/or (b) respectively.

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In light of the reporting requirements attached to the Continuing Connected Transactions, in particular, (i) the restriction of the value of the Continuing Connected Transactions by way of the Annual Caps; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company on the terms of the Continuing Connected Transactions and the Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions and safeguard the interests of the Independent Shareholders.

RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the terms of the Fertilizer Sales Co-operation Framework Agreement, including the Annual Caps and the transactions contemplated thereunder, are on normal commercial terms and in the ordinary and usual course of business of the Group, and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Fertilizer Sales Co-operation Framework Agreement, including the Annual Caps, and the transactions contemplated thereunder for the three years ending 31 December 2013, as detailed in the notice of SGM set out at the end of Circular.

Yours faithfully,
For and on behalf of
China Everbright Capital Limited
Alvin Kam
Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTEREST IN SECURITIES

As at the Latest Practicable Date, the Directors and chief executives of the Company had the following interests and short positions in the Shares, underlying Shares and debt securities 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:

(a) Ordinary shares of HK\$0.1 each of the Company

As at the Latest Practicable Date, a Director of the Company had long position in the Shares of the Company as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Harry Yang	Beneficial owner	600	0.000008%

(b) Share options of the Company

As at the Latest Practicable Date, certain Directors of the Company had interest in the share options granted under the Company's share option schemes as follows:

Name of Director	Capacity	Number of share options held	Number of underlying shares of the Company
Liu De Shu	Beneficial owner	211,900	211,900
Harry Yang	Beneficial owner	210,600	210,600
Wade Fetzer III	Beneficial owner	128,000	128,000

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interest or short position in the Shares, underlying Shares and debt securities 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.

3. DIRECTORS' SERVICE CONTRACTS

During the year 2008, Mr. Harry Yang, executive Director and Deputy General Manager of the Company, renewed his service contract with the Company for a term of another three years, up to 27 July 2011. On 15 July 2010, Mr. Feng Zhi Bin, executive Director and Chief Executive Officer of the Company, entered into a service contract with the Company for a term of office commencing from 15 July 2010 until 27 July 2011. Pursuant to the terms stipulated in their service contracts, the respective service contract with the Company may be (i) terminated prior to its expiry if either party serves two months' prior notice to the other in writing; or (ii) terminated by the Company in case of bankruptcy, diseases and any other significant faults of a director as described in the respective service contract. Should the Company terminate the respective service contract with Mr. Feng Zhi Bin or Mr. Harry Yang prior to its expiry, Mr. Feng or Mr. Yang will be entitled to receive a cash compensation equivalent to 11 months of his annual director's salary, save for circumstances described in item (ii) above.

Saved 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 Group and was engaged in the production of fertilizer prior to its cessation of business in November 2005. Although US Agri-Chemicals Corporation ceased its operation, 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. OTHER ARRANGEMENTS INVOLVING DIRECTORS

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group; and
- (b) none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2009 (the date to which the latest published audited consolidated financial statements of the Company were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) are proposed to be acquired or disposed of by; or (iv) are proposed to be leased to any member of the Group.

6. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Company since 31 December 2009, being the date to which the latest published audited consolidated financial statements of the Group were made up. The information on the performance and financial condition of the Group for the six months ended 30 June 2010 is disclosed in the Company's interim report 2010 dated 26 August 2010.

7. EXPERTS

The following is the qualification of the expert who has given its opinions or advice, which are contained or referred to in this circular:

Name	Qualification
China Everbright	a corporation licensed to carry out business in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO

As at the Latest Practicable date, China Everbright:

- (a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name, in the form and context in which it appears;
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had been since 31 December 2009 (the date to which the latest published audited consolidated financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by, or leased to any member of the Group.

8. GENERAL

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

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of (i) the Fertilizer Sales Co-operation Framework Agreement and (ii) the service contracts mentioned in paragraph 3 above is available for inspection during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) at the principal place of business of the Company at Units 4601-4610, 46th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong up to and including the date of the SGM.

NOTICE OF SPECIAL GENERAL MEETING



SINOFERT HOLDINGS LIMITED

中化化肥控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 297)

NOTICE IS HEREBY GIVEN that a special general meeting of Sinofer Holdings Limited (the “Company”) will be held at Chief Executive Suite II & III, 5th Floor, Grant Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 9 December 2010 at 3:15 p.m. (or so soon thereafter as the special general meeting of the Company to be held at 3:00 p.m. at the same date and venue shall have concluded or adjourned) or any adjournment thereof to consider and, if thought fit, pass, with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. **“THAT:**

- (a) the Fertilizer Sales Co-operation Framework Agreement (as defined and described in the circular to the shareholders of the Company dated 23 November 2010 (the “Circular”), a copy of which has been produced to the meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification) and the execution thereof and implementation of all transactions thereunder be and are hereby approved, ratified and confirmed;
- (b) the proposed annual caps of the transactions contemplated under the Fertilizer Sales Co-operation Framework Agreement as described in the Circular be and are hereby approved, ratified and confirmed; and

* For identification purposes only

NOTICE OF SPECIAL GENERAL MEETING

- (c) the directors of the Company or any other person authorized by the directors of the Company be and are hereby authorized to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the Fertilizer Sales Co-operation Framework Agreement and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the Fertilizer Sales Co-operation Framework Agreement which in their opinion is not of a material nature and to effect or implement any other matters referred to in this resolution.”

For and on behalf of the Board of
Sinofert Holdings Limited

Feng Zhi Bin

Executive Director and Chief Executive Officer

Hong Kong Special Administrative Region of the
People's Republic of China

23 November 2010

Notes:

1. The register of members of the Company will be closed from 8 December 2010 to 9 December 2010, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for voting at the special general meeting of the Company, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by not later than 4:30 p.m. on 7 December 2010.
2. 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 on his behalf. A proxy need not be a member of the Company.
3. To be valid, the form of proxy, 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 branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof.
4. 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.
5. Voting of the ordinary resolution set out in this notice will be by way of poll.
6. As at the date of this notice, the executive directors of the Company are Mr. Feng Zhi Bin (Chief Executive Officer) and Mr. Harry Yang; the non-executive directors of the Company are Mr. Liu De Shu (Chairman), Mr. Yang Lin, Dr. Stephen Francis Dowdle and Mr. Wade Fetzter III; and the independent non-executive directors of the Company are Mr. Ko Ming Tung, Edward, Dr. Tang Tin Sek and Mr. Tse Hau Yin, Aloysius.