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

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CHINA AGROTECH HOLDINGS LIMITED

浩倫農業科技集團有限公司*

(incorporated in the Cayman Islands with limited liability)

DISCLOSEABLE TRANSACTION

**INVOLVING ISSUE OF UNLISTED WARRANTS
CARRYING RIGHTS TO SUBSCRIBE FOR SHARES
IN CONNECTION WITH A TERM LOAN**

This circular will remain on the GEM website on the “Latest Company Announcement” page for 7 days from the date of its posting.

* *for identification only*

28th November 2000

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet Web site operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM Website in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

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

“Board”	board of Directors
“Company”	China Agrotech Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Connected persons”	persons as defined under Rule 1.01 of the GEM Listing Rules.
“Directors”	directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Latest Practicable Date”	28th November 2000, being the latest practicable date prior to printing of this circular for ascertaining information in this circular
“Loan”	a one year term loan of HK\$47,000,000
“SDI Ordinance”	Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong)
“Share(s)”	share(s) of \$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term Loan Agreement”	an agreement dated 2nd November 2000 for the grant of the Loan to the Company by Fleet National Bank, as amended and supplemented by a supplemental deed dated 7th November 2000, and further amended and supplemented by a second supplemental deed dated 9th November 2000 which was mainly to add two new undertakings of the Company, say, that any payment of dividend or other form of distribution to shareholders is subject to consent of Fleet National Bank, and that the Company should maintain a cash balance of not less than HK\$65,000,000
“Unlisted Warrants”	unlisted warrants issuable by the Company entitling the holder(s) thereof to subscribe for new Shares of the Company



CHINA AGROTECH HOLDINGS LIMITED

浩倫農業科技集團有限公司*

(incorporated in the Cayman Islands with limited liability)

Directors:

Wu Shaoning (*Chairman*)

Yang Zhuoya (*Managing Director*)

Tung Fai

Independent non-executive Directors:

He Zhongpei

Lam Ming Yung

Registered office:

Zephyr House

May Street

George Town

Grand Cayman

Cayman Islands

British West Indies

*Head office and principal place
of business in Hong Kong:*

Room 2906, 29th Floor

China Resources Building

26 Harbour Road

Wanchai

Hong Kong

28th November 2000

To the shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

**INVOLVING ISSUE OF UNLISTED WARRANTS
CARRYING RIGHTS TO SUBSCRIBE FOR SHARES
IN CONNECTION WITH A TERM LOAN**

INTRODUCTION

The Directors of the Company announced on 7th November 2000 that the Company had entered into a Term Loan Agreement dated 2nd November 2000, as amended and supplemented by a supplemental deed dated 7th November 2000 for the grant of a one year term loan of HK\$47,000,000 to the Company by Fleet National Bank as lender. The Term Loan Agreement was further amended and supplemented by a second supplemental deed dated 9th November 2000 which was mainly to add two new undertakings of the Company, say, that any payment of dividend or other form of distribution to shareholders is subject to consent of Fleet National Bank; and that the Company should maintain a cash balance of not less than HK\$65,000,000. As a condition of the drawdown of the Loan, the Company shall issue Unlisted Warrants entitling the holder(s) thereof to subscribe for new Shares of HK\$0.10 each of the Company at the initial subscription price of HK\$1.38 per Share (subject to adjustment), up to the aggregate amount of HK\$47,000,000 at any time during the period from 7th November 2000 to 7th November 2001 (both dates inclusive).

* *For identification only*

LETTER FROM THE BOARD OF DIRECTORS

Upon full exercise of the subscription rights attached to all of the Unlisted Warrants, 34,057,970 Shares will fall to be issued, representing approximately 13.62 per cent. of the Company's existing issued share capital as at the date of the announcement on 7th November 2000, and approximately 11.99 per cent. of its issued share capital as enlarged by the allotment and issue of such Shares assuming full conversion of the Unlisted Warrants.

The new Shares to be issued upon the exercise of the subscription rights attached to the Unlisted Warrants will be issued under the general mandate granted to the Board of the Company on 3rd November 2000.

Based on the audited net tangible assets of the Company as at 30th June 2000, the issue of the Unlisted Warrants constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

The purpose of this circular is to provide the shareholders of the Company with further information relating to the above agreements. This circular also contains information in compliance with the GEM Listing Rules.

TERM LOAN AGREEMENT

The purpose of the Loan is to raise capital for the establishment of agricultural resources companies sales network in the Mainland China. The estimated cost of establishment is approximately HK\$50,000,000 and is expected to be spent over one to two years, and will be financed by the Loan with the shortfall to be financed by internal resources of the Company.

Parties:

Borrower of the Loan and issuer of the Unlisted Warrants	the Company, which is engaged in the manufacture and selling of regulatory-type plant growth regulators in the Mainland China
Lender of the Loan and holder of the Unlisted Warrants	Fleet National Bank, which is a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)

Principal Terms of the Loan

Principal Amount	HK\$47,000,000
Term	1 year
Interest rate	7% per annum
Repayment	the principal amount of the Loan and interest accrued thereon shall be repayable on 2nd November 2001
Major undertakings	(i) the Company cannot pay any dividend or other form of distribution to its shareholders without the consent of Fleet National Bank; and

LETTER FROM THE BOARD OF DIRECTORS

(ii) the Company should maintain a cash balance of not less than HK\$65,000,000

Principal events of default include non-payments of amounts due, non-compliance with the terms and conditions of the Term Loan Agreement, material misrepresentation, obligations cross default, bankruptcy and material court judgements

Principal Terms of the Unlisted Warrants

Subscription Rights the Unlisted Warrants will carry aggregate subscription rights of HK\$47,000,000 in cash for Shares

Ranking the Unlisted Warrants will rank pari passu in all respects with one another

Form and denomination the Unlisted Warrants will be issued in registered form and in denomination carrying subscription rights of HK\$4,700,000 each, entitling the holders thereof to subscribe in cash for Shares

Subscription price the initial subscription price is HK\$1.38 per Share, subject to adjustment as provided in the instrument governing the Unlisted Warrants, and represents a 56.82% premium over the closing price of the Shares of HK\$0.88 each on 2nd November 2000 and a 60.47% premium over the average closing price of HK\$0.86 each of the last five trading days up to and including 2nd November 2000

The initial subscription price has been agreed between the Company and Fleet National Bank after arms' length negotiations based on prospective earnings and price/earnings ratio of the Company.

Exercise period the subscription rights attaching to the Unlisted Warrants can be exercised at any time during the period from 7th November 2000 to 7th November 2001 (both dates inclusive)

Number of Shares issuable upon the full exercise of the subscription rights attached to the Unlisted Warrants, 34,057,970 Shares will fall to be issued, representing approximately 13.62 per cent. of the existing issued share capital of the Company as at the date of this announcement comprising 250,000,000 Shares, and approximately 11.99 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of such Shares assuming the exercise in full of the Unlisted Warrants

Authority pursuant to a Board resolution passed on 7th November 2000, the new Shares to be issued upon the exercise of the subscription rights attached to the Unlisted Warrants will be issued by the Company under the general mandate granted to the Board on 3rd November 2000

Transfer the Unlisted Warrants shall be transferrable by instrument of transfer in such written form as may be approved by the Board and the Company shall maintain a register. There is no restriction on transfer of the Unlisted Warrants to Connected Persons

Ranking of Shares issuable

The Shares that may fall to be issued upon the exercise of the subscription rights attached to the Unlisted Warrants will rank *pari passu* in all respects with the existing issued Shares save for any rights or entitlement to dividends or other rights or distributions the record date for which precedes the date on which the subscription rights attached to the Unlisted Warrants are exercised in accordance with the terms of the Unlisted Warrants.

Undertakings by the directors, chief executives, controlling shareholders, substantial shareholders and management shareholders

The directors, chief executives, controlling shareholders, substantial shareholders and management shareholders have undertaken that they will disclose promptly to the Company and the Stock Exchange any dealings by them or any of their associates in the Unlisted Warrants and will also comply with the SDI Ordinance.

Application for listing

The Company will not apply for the listing of the Unlisted Warrants and no prospectus will be issued in respect of the Unlisted Warrants. Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued upon the exercise of the subscription rights attached to the Unlisted Warrants.

Use of proceeds

If all the subscription rights attaching to the Unlisted Warrants are exercised, the Company will receive HK\$47,000,000 (before expenses). Such proceeds is intended to be used by the Company to finance the payment of research and development expenditures of new agricultural products to research organisations and the establishment of production facilities for such new products, and is expected to be spent over one to two years.

Reasons for the Issue of Unlisted Warrants

The issue of the Unlisted Warrants is part of the terms of the grant of the Loan. The Board considers that the issue of Unlisted Warrants is an appropriate means to raise future capital for the Company. When the subscription rights attached to the Unlisted Warrants are exercised, further funds will be raised for additional working capital and the capital and shareholder base will also be strengthened.

General

The Company has an authorised share capital of HK\$50,000,000 divided into 500,000,000 ordinary shares of HK\$0.10 each. As at the Latest Practicable Date, the issued and paid up share capital of the Company is HK\$25,000,000 divided into 250,000,000 Shares. Mr. Wu Shaoning and Mr. Tung Fai are the substantial shareholders of the Company, and they hold 140,000,000 Shares and 28,000,000 Shares respectively, representing 56 per cent and 11.2 per cent of the existing issued share

LETTER FROM THE BOARD OF DIRECTORS

capital of the Company respectively. Assuming full exercise of the subscription rights attached to the Unlisted Warrants, 34,057,970 Shares will fall to be issued, representing approximately 13.62 per cent. of the Company's existing issued share capital and approximately 11.99 per cent. of its share capital as enlarged by the allotment and issue of such Shares, and the shareholdings of Mr. Wu Shaoning and Mr. Tung Fai will be diluted to approximately 49.29 per cent and 9.86 per cent respectively of the enlarged issued share capital of the Company comprising 284,057,970 Shares.

Hence, the issue of Shares upon full exercise of the subscription rights attached to the Unlisted Warrants will not result in a change of control of the Company.

Based on the audited net tangible assets of the Company of approximately HK\$94,833,000 as at 30 June, 2000 and that the Unlisted Warrants will carry aggregate subscription rights of HK\$47,000,000 in cash for Shares, the issue of the Unlisted Warrants constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules. Your attention is also drawn to the additional information set out in the Appendix to this circular.

By Order of the Board
China Agrotech Holdings Limited
Wu Shaoning
Chairman

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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:

- (a) the information contained in this circular is accurate and complete in all material respect and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests of the Directors and the chief executives in the share capital of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) which were notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including interests in which they are taken or deemed to have under section 31 of, or Part I of the Schedule to, the SDI Ordinance), or which will be required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein, or which will be required, pursuant to Rule 5.40 to 5.59 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange, were as follows:

Name of director	Personal interests	Number of Shares			Total	Percentage of interests
		Family interests	Corporate interests	Other interests		
Wu Shaoning	140,000,000	Nil	Nil	Nil	140,000,000	56%
Tung Fai	28,000,000	Nil	Nil	Nil	28,000,000	11.2%

Substantial Shareholders

So far as known to any Director or chief executive of the Company, as at the Latest Practicable Date, except the two directors, who were also the management shareholders of the Company as disclosed in the Disclosure of Interests section of this circular, no person was beneficially interested in 10% or more of the nominal value of the issued share capital of the Company.

Save as disclosed above, the Company had not been notified of any other interests representing 10% or more of the Company's issued share capital as at the Latest Practicable Date.

3. SPONSOR'S INTERESTS

Except as described below, as at the Latest Practicable Date, ICEA Capital Limited ("ICEA"), the Company's sponsor, and its associates, directors and employees have no interest (as referred to in Rule 6.36 of the GEM Listing Rules) in the Company.

Pursuant to the agreement dated 24th November 1999 entered into between the Company and ICEA, ICEA will receive a fee for acting as the Company's retained sponsor for the period from 25th November 1999 to 30th June 2002.

4. LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

5. SERVICE CONTRACTS

Each of Mr. Wu Shaoning, Mr. Tung Fai and Mr. Yang Zhuoya, being all the executive Directors, has entered into a service contract with the Company, in the case of Mr. Wu Shaoning, for a term of 10 years, and in the case of Mr. Tung Fai and Mr. Yang Zhuoya, for a term of three years, all commencing from 15th November 1999, and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. Each of these executive Directors is entitled to a basic salary (subject to an annual increment at a rate to be determined by a majority of the Directors). In addition, each of the executive Directors is also entitled to a management bonus provided that the aggregate amount of the bonuses payable to all the executive Directors who are entitled to such bonuses for any financial year of the Company may not exceed 6% of the audited consolidated or combined net profit of the Company (after taxation and minority interests and payment of such bonuses but before extraordinary items) in respect of that financial year of the Company. None of the executive Director may vote on any resolution of the Directors regarding the amount of the annual increment and management bonus payable to him/her. The current basic annual salaries of the executive Directors under the service contracts are as follows:

Name	Annual Salary
Mr. Wu Shaoning	HK\$360,000
Mr. Tung Fai	HK\$360,000
Mr. Yang Zhuoya	HK\$360,000

Save as disclosed, none of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

6. GENERAL

- (a) The head office and principal place of business in Hong Kong of the Company is at Room 2906, 29th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. The share registrar and transfer office of the Company is HKSCC Registrars Limited at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong.
- (b) The Company Secretary and Qualified Accountant of the Company is Mr. Tong Hing Wah. Mr. Tong holds a Bachelor's degree in Accountancy from Hong Kong Polytechnic University and is an associate member of the Hong Kong Society of Accountants and The Association of Chartered Certified Accountants.
- (c) The Compliance Officer of the Company is Mr. Tung Fai, an executive director of the Company. Mr. Tung holds a Bachelor's degree in Economics from Jiangxi Finance Institute of the Mainland China.
- (d) The Company has established an audit committee on 21st September 1999 with written terms of reference in compliance with Rules 5.23 to 5.27 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

The audit committee members are Ms. He Zhongpei and Mr. Lam Ming Yung with Mr. Lam Ming Yung as Chairman of such committee. Both of Ms. He and Mr. Lam are independent non-executive directors of the Company.

Ms. He Zhongpei was graduated from the Agronomy Department of China Agricultural University in 1957. She is presently a professor at the China Agricultural University, a member of the Agricultural Products Academic Committee, a member of the Professional Committee on Agricultural Products and Chemical Control of the National Association for the Promotion of Agricultural Technology, as well as a member of the editorial board of various agricultural publications. Ms. He was nominated as an Outstanding Female Scientist in the 4th International Women Conference in 1995 and an assistant director of the Professional Crop Chemical Control Committee of China in 1999.

Mr. Lam Ming Yung was graduated from the School of Law of Shanghai Eastern Chinese College of Politics and Jurisprudence in 1986 and was awarded a Bachelor's degree in Law. Mr. Lam started practicing law in 1987 in Fujian Province in the Mainland China, and moved to Hong Kong in mid-1993. He was registered as a foreign lawyer with the Hong Kong Law Society in 1995, and is presently in private practice with a Hong Kong solicitors firm.