
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold all your shares in Euro-Asia Agricultural (Holdings) Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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Euro-Asia Agricultural (Holdings) Company Limited

歐亞農業(控股)有限公司*

(incorporated in Bermuda with limited liability)

Executive Directors:

Mr. Yang Bin
Mr. Yan Chuang
Mr. Li Gang
Mr. Wong Hon Sum
Ms. Ho Mei Ling May

Registered office:

Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Non-executive Director:

Mr. Yao Qinan

*Principal place of business
in Hong Kong:*

Unit 2703-2706
Office Tower
Convention Plaza
1 Harbour Road
Wanchai

Independent Non-executive Directors:

Mr. Li Weibin
Mr. Wang Xiaojun

10 April 2002

To the shareholders

Dear Sir or Madam

**GENERAL MANDATES FOR THE ALLOTMENT AND
ISSUE OF SHARES AND REPURCHASE SECURITIES**

INTRODUCTION

By written resolutions of the sole shareholder of Euro-Asia Agricultural (Holdings) Company Limited (the "Company") dated 22 June 2001, the Directors were granted general unconditional mandates (i) to issue and allot shares of HK\$0.10 each in the fully paid up share capital of the Company (the "Shares") with the aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"); and (ii) to

* *For identification purposes only*

repurchase the Shares with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company on the Stock Exchange. The existing general mandates to issue, allot and repurchase of the Shares will expire at the conclusion of the forthcoming annual general meeting of the Company convened to be held at Plaza Room, Plaza Conference Centre, 35/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on 8 May 2002 at 10:30a.m.. At the annual general meeting, the Directors will propose to renew the issue and allot mandate (“the Issue and Allot Mandate”) and repurchase mandate (the “Repurchase Mandate”) to enable the Directors (i) to issue and allot new Shares; and (ii) to repurchase the Shares on the Stock Exchange (the “Repurchase Resolution”).

Both the Issue and Allot Mandate and the Repurchase Mandates, upon granted, will continue in force until the next annual general meeting of the Company or revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, whichever is the earliest.

Under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), the Company is required to give to its shareholders all information which is reasonably necessary to enable shareholders to make an informed decision as to whether to vote for or against the resolution to renew the grant to the Directors of the Repurchase Mandate. This document is prepared for such purpose. The explanatory statement required by the Listing Rules to be included in this document is set out in the Appendix.

GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SECURITIES

On pages 89 to 92 of the annual report of the Company in respect of the financial year ended 31 December 2001 is a notice of the forthcoming annual general meeting of the Company convened to be held at Plaza Room, Plaza Conference Centre, 35/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on 8 May 2002 at 10:30 a.m.. At the annual general meeting, and as part of the special business of that meeting, the shareholders of the Company will be asked to consider and, if thought fit, to grant (i) the general mandate to enable the Directors to exercise the powers of the Company to allot and issue new Shares up to 20 per cent, of the aggregate nominal amount of the issue share capital of the Company as at the date of the resolution (the “Issue and Allot Proposal”); and (ii) the Repurchase Resolution will be proposed to grant a general mandate to the Directors to exercise the powers of the Company to purchase Shares of the Company up to a maximum of 10 per cent. of the issued share capital of the Company as at the date of the resolution (the “Repurchase Proposal”).

ACTION TO BE TAKEN

Whether or not you intend to attend the annual general meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon not less than 48 hours before the time convened to hold the annual general meeting. The return of a form of proxy will not preclude you from attending and voting in person if you so wish.

RECOMMENDATION

The Directors believe that both the Issue and Allot Proposal and the Repurchase Proposal are in the best interests of the Company and its shareholders. The Repurchase Proposal may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset per Share and/or earnings per Share of the Company and will only be made when the Directors believe that a repurchase of Shares will benefit the Company and its shareholders.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 December 2001, being the date of its last audited accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

Accordingly, the Directors recommend that all shareholders should vote in favour of both the Issue and Allot Proposal and the Repurchase Proposal.

Yours faithfully
Yang Bin
Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Proposal.

1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions, the more important of which are summarised below. The Company is empowered by its memorandum of association and bye-laws to repurchase its own Shares.

Source of funds

Repurchase must be funded out of funds which are legally available for the purpose and in accordance with the memorandum of association and bye-laws of the Company and the Companies Act 1981 of Bermuda (the "Companies Act"). Under the Listing Rules, the Company shall not repurchase its Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Under the Companies Act, a company may only repurchase its Shares out of capital paid up on the Shares to be repurchased or out of the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose. Any amount of premium payable on a repurchase over the par value of the Shares may only be effected out of funds of the Company which would otherwise be available for dividend or distribution or out of the Company's share premium account.

Connected parties

The Listing Rules prohibit a company from knowingly purchasing shares on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company or their associates (as defined in the Listing Rules) and a connected person is prohibited from knowingly selling his shares to the company.

As at 2 April 2002, being the latest practicable date prior to the printing of this document (the "Latest Practicable Date") (to the best knowledge of the directors of the Company), no connected person of the Company has notified the Company that he has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any of the Shares held by him to the Company in the event that the Repurchase Resolution is passed.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,660,000,000 Shares of HK\$0.10 each.

Subject to the passing of the Repurchase Resolution and on the basis that no Shares are issued or repurchased by the Company prior to the annual general meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 166,000,000 Shares of HK\$0.10 each.

3. REASONS FOR THE REPURCHASE

The Directors believe that the Repurchase Proposal is in the best interests of the Company and its shareholders. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset per Share and/or earnings per Share of the Company and will only be made when the Directors believe that a repurchase of Shares will benefit the Company and Shareholders.

4. FUNDING OF REPURCHASES

Pursuant to the Repurchase Mandate, repurchase would be funded entirely from the Company's available cash flow or working capital facilities which will be funds legally available for such purpose in accordance with the the memorandum of association and bye-laws of the Company and the applicable laws of Bermuda.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 December 2001, being the date of its last audited accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the calendar months of the previous twelve months were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
July 2001	1.63	1.31
August 2001	1.65	1.48
September 2001	1.66	1.29
October 2001	1.82	1.35
November 2001	1.93	1.66
December 2001	2.025	1.71
January 2002	1.86	1.28
February 2002	1.75	1.42
March 2002	2.10	1.69
(up to the Latest Practicable Date)		

6. DIRECTORS' INTERESTS IN SHARE CAPITAL

As at the Latest Practicable Date, none of the Directors had any interest in the share capital of the Company or any associated corporations (within the meaning of the Securities (Disclosure of Interest) Ordinance, the "SDI Ordinance") which were required to be notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including the interests which they were deemed or taken to have under section 31 or part I of the Schedule to the SDI Ordinance) or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules or which are required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein.

Accordingly, none of the directors or any of its associates would sell any Shares of the Company in the event that the Repurchase Proposal is approved.

7. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, shareholders holding shares representing over 10% or more of the issued share capital of the Company at the date of this report pursuant to Section 16(1) of the SDI Ordinance are as follows:

Substantial Shareholder	Number of Shares	% of issued share capital
Wise Capital	1,200,000,000	72.3%
Mr. Yang Bin	1,200,000,000	72.3%

Wise Capital, a company incorporated in Mauritius with limited liability which is legally and wholly owned by Mr. Yang Bin, has reported that it owns 1,200,000,000 Shares of HK\$0.10 each in the Company (approximately 72.3% of the entire issued share capital of the Company). The entire issued share capital of Wise Capital is held by Mr. Yang Bin.

8. DISCLOSURE OF INTERESTS, THE CODE AND MINIMUM PUBLIC HOLDING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Resolution in accordance with the Listing Rules and the applicable laws of Bermuda.

Assuming that the substantial shareholder does not dispose of its Shares, if the Repurchase Mandate were exercised in full, the percentage shareholding of the substantial shareholder before and after such repurchase would be as follows:

Substantial Shareholder	Before repurchase	After repurchase
Wise Capital	72.3%	80.3%
Yang Bin	72.3%	80.3%

If a shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase securities pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Hong Kong Code on Takeover and mergers (the "Code"). As a result, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Code.

On the basis of the shareholdings held by the substantial shareholder named above, an exercise of the Repurchase Mandate in full will not have any implications under the Code.

Assuming that there is no issue of Shares in the Company between the date of this document and the date of a repurchase, an exercise of the Repurchase Mandate whether in whole or in part will result in less than the relevant prescribed minimum percentage of the Shares of the Company being held by the public as required by the Stock Exchange. The Directors have no intention to exercise the Repurchase Mandate to an extent as may result in a public shareholding of less than 25 per cent.

9. SHARE REPURCHASE MADE BY THE COMPANY

The Company has not purchased its Shares on the Stock Exchange in the previous six months.