

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer, bank manager, solicitor, professional accountant or other professional adviser.

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

(Stock Code: 1073)

**PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL,
REFRESHMENT OF GENERAL SCHEME LIMIT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A letter from the Board of China Agrotech Holdings Limited is set out on pages 3 to 7 of this circular. A notice convening the extraordinary general meeting of China Agrotech Holdings Limited to be held at Room 2706, 27th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Wednesday, 1st March, 2006 at 11:00 a.m. is contained in this circular. A form of proxy is also enclosed.

Whether or not you are able to attend the said meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for holding the said meeting or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the said meeting or any adjourned meeting should you so desire.

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DEFINITIONS

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

“Articles of Association”	the articles of association of the Company;
“Board” or “Director(s)”	the board of directors of the Company;
“Company”	China Agrotech Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the Stock Exchange (Stock code: 1073);
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at Room 2706, 27th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Wednesday, 1st March, 2006 at 11:00 a.m., notice of which is contained in this circular;
“General Scheme Limit”	the maximum number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme;
“General Scheme Limit Refreshment Proposal”	the proposal to refresh the General Scheme Limit under the Share Option Scheme;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	2nd February, 2006, 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;
“Member(s)” or “Shareholder(s)”	holder(s) of Share(s);
“Share Option Scheme”	the share option scheme adopted by the Company at general meeting on 31st December, 2001;

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

LETTER FROM THE BOARD



CHINA AGROTECH HOLDINGS LIMITED

浩倫農業科技集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1073)

Executive Directors:

Wu Shaoning (*Chairman*)

Yang Zhuoya

Independent Non-Executive Directors:

Lam Ming Yung

Zhang Shaosheng

Wong Chi Wai

Registered Office:

Century Yard

Cricket Square

Hutchins Drive

P.O. Box 2681 GT

George Town

Grand Cayman

British West Indies

Principal Office in Hong Kong:

Room 2706, 27th Floor

China Resources Building

26 Harbour Road

Wanchai, Hong Kong

6th February, 2006

To the Shareholders

Dear Sirs or Madam,

**PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL,
REFRESHMENT OF GENERAL SCHEME LIMIT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with details in relation to the proposed increase in authorised share capital of the Company and the refreshment of the General Scheme Limit under the Share Option Scheme, as well as a notice for convening the Extraordinary General Meeting to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the Extraordinary General Meeting.

* For identification purposes only

LETTER FROM THE BOARD

At the Extraordinary General Meeting, a special resolution relating to the proposed increase in authorised share capital of the Company and an ordinary resolution relating to the refreshment of the General Scheme Limit under the Share Option Scheme will be proposed for Shareholders' approval.

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

2. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board wishes to propose an increase in the authorised share capital of the Company from HK\$50,000,000, divided into 500,000,000 Shares of HK\$0.10 each to HK\$300,000,000 divided into 3,000,000,000 Shares of HK\$0.10 each and such new Shares, upon issue, shall rank *pari passu* in all respects with the existing Shares of the Company.

Such increase shall be conditional upon the approval of a special resolution by the Shareholders at the Extraordinary General Meeting. The Directors have no present intention to raise fund by issuing any part of that capital.

As at the Latest Practicable Date, the issued share capital of the Company is HK\$42,156,521.60 comprising 421,565,216 Shares. The purpose of the proposed increase in the authorised share capital of the Company is to provide flexibility and assist the Company in its future expansion by means of issuing new Shares and fund-raising activities as the Directors may consider appropriate from time to time.

3. REFRESHMENT OF GENERAL SCHEME LIMIT UNDER THE SHARE OPTION SCHEME

The Share Option Scheme was approved and adopted by the Shareholders at general meeting on 31st December, 2001. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

The General Scheme Limit under the Share Option Scheme is 27,043,478 Shares, being 10% of the Shares in issue as at the date of adoption of the Share Option Scheme on 31st December, 2001. As at the Latest Practicable Date, options carrying rights to subscribe for 27,000,000 Shares remain outstanding and the balance of options may be granted under the Share Option Scheme is 43,478 Shares. Apart from the Share Option Scheme, the Company has no other share option scheme in issue as at the Latest Practicable Date.

LETTER FROM THE BOARD

Pursuant to clause 8.3 of the Share Option Scheme, the Company may seek approval from the Shareholders at general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise all options to be granted under the Share Option Scheme and any other share option schemes of the Group must not exceed 10% of the Shares in issue as at the date of the approval to refresh the General Scheme Limit. In this connection, options previously granted under the Share Option Scheme (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme) will not be counted for the purpose of calculating the General Scheme Limit as “refreshed”.

The limit on the number of the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Group (adopted by the Company at general meetings from time to time) must not exceed 30% of the relevant class of securities of the Company in issue from time to time.

Since the number of options that may be granted under the General Scheme Limit is small which is 43,478, the Directors consider that the refreshment of the General Scheme Limit will be in the interests of the Company. The Share Option Scheme can continue to serve its purpose of allowing more flexibility in providing incentives or rewards to participants for their contribution to the Group and/or recruit and retain high-calibre employees and attract human resources that are valuable to the Group. The Board proposes to refresh the General Scheme Limit at the Extraordinary General Meeting.

On the basis of 421,565,216 Shares in issue as at the Latest Practicable Date and assuming that no Shares are issued or purchased by the Company prior to the Extraordinary General Meeting, the General Scheme Limit may be “refreshed” to enable grant of further share options to subscribe up to 42,156,521 Shares, representing 10% of the Shares in issue as at the date of the Extraordinary General Meeting.

The refreshment of the General Scheme Limit is conditional upon:

1. the passing of an ordinary resolution by the Shareholders to approve the General Scheme Limit Refreshment Proposal at the Extraordinary General Meeting; and
2. the Stock Exchange granting the listing of, and the permission to deal in, such number of Shares representing 10% of the Shares in issue at the date of the Extraordinary General Meeting, which may fall to be issued pursuant to the exercise of the options granted under the “refreshed” General Scheme Limit.

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Application will be made to the Stock Exchange for the listing of and the permission to deal in the Shares to be issued pursuant to the exercise of options granted under the “refreshed” General Scheme Limit.

4. EXTRAORDINARY GENERAL MEETING

The notice of Extraordinary General Meeting, which contains a special resolution to approve the proposed increase in authorised share capital of the Company and an ordinary resolution to approve the refreshment of the General Scheme Limit, is set out in this circular.

A form of proxy is enclosed with this circular for use at the Extraordinary General Meeting. Whether or not you are able to attend the meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for holding the Extraordinary General Meeting. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Extraordinary General Meeting should you so desire.

5. PROCEDURES TO DEMAND A POLL BY MEMBERS

Pursuant to Article 66 of the Articles of Association, a resolution put to the vote of the Extraordinary General Meeting shall be decided on a show of hands unless voting by way of a poll is required by the rule of the designated stock exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the Chairman of the meeting; or
- (b) by at least 3 Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
- (d) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or

LETTER FROM THE BOARD

- (e) if required by the rules of the designated stock exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. or more of the total voting rights at such meeting.

6. RECOMMENDATION

The Board considers that the proposed increase in authorised share capital of the Company and the refreshment of the General Scheme Limit under the Share Option Scheme are to be fair and reasonable to and in the best interests of the Company as well as its Shareholders as a whole. The Board therefore recommends all Shareholders to vote in favour of the relevant resolutions set out in the notice of the Extraordinary General Meeting.

Yours faithfully,
For and on behalf of the Board
Wu Shaoning
Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING



CHINA AGROTECH HOLDINGS LIMITED

浩倫農業科技集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1073)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of China Agrotech Holdings Limited (the "Company") will be held at Room 2706, 27th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Wednesday, 1st March, 2006 at 11:00 a.m. for the following purposes:

To consider and, if thought fit, pass the following resolutions:-

SPECIAL RESOLUTION

1. **"THAT** the authorised share capital of the Company be increased from HK\$50,000,000 to HK\$300,000,000 by the creation of 2,500,000,000 shares of HK\$0.10 each and that such new shares, upon issue, shall rank *pari passu* in all respects with the existing shares of the Company."

ORDINARY RESOLUTION

2. **"THAT** subject to and conditional upon The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in the shares of the Company (representing a maximum of 10% of the shares of the Company in issue as at the date of passing of this resolution) to be issued pursuant to the exercise of the options granted under the share option scheme adopted by the Company on 31st December, 2001 (the "Share Option Scheme") and any other share option schemes, the refreshment of the General Scheme Limit (as defined in the Share Option Scheme) up to 10% of the shares of the Company in issue as at the date of passing of this resolution (the "Refreshed Limit") be and is hereby approved and **THAT** the Directors of the Company be and are hereby authorized to grant options under the Share Option Scheme and any other share option schemes up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with the shares pursuant to the exercise of such options."

On behalf of the Board
Wu Shaoning
Chairman

Hong Kong, 6th February, 2006

* *For identification purposes only*

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any shareholder of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or more separate proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
2. To be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited at the principal office of the Company in Hong Kong at Room 2706, 27th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Extraordinary General Meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.