

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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 China Agrotech 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 agents through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for your information only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.



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: 01073)

**PROPOSED ISSUE OF RMB70 MILLION
ZERO COUPON UNSECURED CONVERTIBLE BONDS,
PROPOSED ISSUE OF UNLISTED WARRANTS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial adviser to the Company



高銀融資有限公司

GOLDIN FINANCIAL LIMITED

A letter from the Board of China Agrotech Holdings Limited is set out on pages 5 to 19 of this circular. A notice convening the extraordinary general meeting (the "EGM") of China Agrotech Holdings Limited to be held at Concord Room III, 8/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Hong Kong on Wednesday, 29 December 2010 at 10:30 a.m. is set out on pages 20 to 22 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the form of proxy enclosed with this circular in accordance with the instructions printed thereon and return it to the Company's principal office in Hong Kong, at Room 2706, 27th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the EGM or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjourned meeting should you so desire.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	5
Notice of EGM	20

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 26 November 2010 in relation to, inter alia, the proposed issue of the Convertible Bonds and the Warrants
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of the Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Business Day(s)”	a day (other than a Saturday) on which banks in Hong Kong are open for business
“CB Issue Date”	the date of issue of the Convertible Bonds
“CB Subscription Agreement”	the subscription agreement dated 26 November 2010 entered into between the Company and the Subscriber in relation to the issue and the subscription of the Convertible Bonds
“Change of Single Largest Shareholder”	occurs when Mr. Wu Shaoning (an executive Director and the Chairman of the Company) ceases to be the single largest Shareholder except if such situation is arising from the Subscriber and parties acting in concert with it becoming the new single largest Shareholder
“Company”	China Agrotech Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Convertible Bond(s)”	convertible bonds in an aggregate principal amount of RMB70,000,000 to be issued by the Company pursuant to the CB Subscription Agreement

DEFINITIONS

“Conversion Period”	the period from the 30th day after the CB Issue Date to the 10th day prior to the Maturity Date (both inclusive), during which the Bondholder(s) has the rights to convert the outstanding principal amount of the Convertible Bonds held by it, from time to time, in whole or in part, into Conversion Shares
“Conversion Price”	the initial conversion price of HK\$1.00 per Conversion Share (subject to adjustments and resets in accordance with the terms of the Convertible Bonds)
“Conversion Share(s)”	new Shares to be allotted and issued to the Bondholders upon any exercise of the conversion rights attached to the Convertible Bonds
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, passing the resolution(s) to approve the CB Subscription Agreement, the Warrant Subscription Agreement and the transactions contemplated thereunder, including the issue of the Conversion Shares and the Warrant Subscription Shares
“Event(s) of Default”	customary event(s) of default set out in the CB Subscription Agreement
“Group”	the Company and its subsidiaries
“HK\$ Equivalent Amount”	the HK\$ equivalent of the RMB using the fixed exchange rate of HK\$1.00 to RMB0.857
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	6 December 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Mandatory Conversion Option”	the option of the Company to redeem the Convertible Bonds in the exact principal amount of RMB17,500,000 each time by way of issue and allotment of Conversion Shares to the Bondholders
“Mandatory Conversion Period”	the period during which the Company can exercise the Mandatory Conversion Option, being the period commencing from the date after the 3rd anniversary of the CB Issue Date up to the Maturity Date
“Maturity Date”	the day falling on the 5th anniversary of the CB Issue Date or, if such day is not a Business Day, the first Business Day thereafter
“PRC”	the People’s Republic of China
“Put Option”	the option of the Bondholders under the CB Subscription Agreement to require the Company to redeem its Convertible Bonds
“Share(s)”	ordinary shares of HK\$0.1 each in the share capital of the Company
“Specific Mandate”	a specific mandate to allot and issue the Conversion Shares and the Warrant Subscription Shares to be sought from the Shareholders at the EGM
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscriber”	Concept Capital Management Ltd., a company incorporated in the Marshall Islands with limited liability. To the best knowledge, information and belief of the Directors, and having made all reasonable enquires, the Subscriber and its ultimate beneficial owners are third parties independent of the Company and its connected persons
“Takeovers Code”	the Code on Takeovers and Mergers
“US\$ Equivalent Amount”	the US\$ equivalent of the RMB using the middle exchange rate of the exchange rate for RMB to US\$ as released by the State Administration of Foreign Exchange, the PRC

DEFINITIONS

“Warrant(s)”	thirty (30) unlisted warrants to be issued by the Company entitling the holders thereof to subscribe for the Warrant Subscription Shares at the Warrant Exercise Price
“Warrant Exercise Price”	the initial subscription price of HK\$1.20 per Warrant Subscription Share (subject to adjustments in accordance with the terms of the Warrants)
“Warrant Holder(s)”	holder(s) of the Warrants
“Warrant Issue Date”	the date of issue of the Warrants
“Warrant Issue Price”	HK\$0.03 per subscription right for one (1) Warrant Subscription Share attached to the Warrant
“Warrant Subscription Agreement”	the subscription agreement dated 26 November 2010 entered into between the Company and the Subscriber in relation to the issue and the subscription of the Warrants
“Warrant Subscription Share(s)”	new Shares to be issued to the Warrant Holders upon the exercise of the subscription rights attached to the Warrants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

For the purpose of this circular, unless otherwise stated, conversion of RMB into HK\$ is based on the approximate exchange rate of RMB0.857 to HK\$1.000. The exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been or may be exchanged at this or any other rates at all.



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: 01073)

Executive Directors:

Mr. Wu Shaoning (*Chairman*)

Mr. Yang Zhuoya

Independent non-executive Directors:

Mr. Lam Ming Yung

Mr. Zhang Shaosheng

Mr. Wong Kin Tak

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal Office in Hong Kong:

Room 2706, 27th Floor

China Resources Building

26 Harbour Road

Wanchai, Hong Kong

9 December 2010

To the Shareholders

Dear Sir or Madam,

**PROPOSED ISSUE OF RMB70 MILLION
ZERO COUPON UNSECURED CONVERTIBLE BONDS,
PROPOSED ISSUE OF UNLISTED WARRANTS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

On 26 November 2010 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into (i) the CB Subscription Agreement pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds with a principal amount of RMB70,000,000 (equivalent to approximately HK\$81,680,280); and (ii) the Warrant Subscription Agreement pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for thirty (30) Warrants at the Warrant Issue Price of HK\$0.03 per subscription right for one (1) Warrant Subscription Share attached to the Warrant, each with rights to subscribe for 2,000,000 Warrant Subscription Shares at the initial subscription price of HK\$1.20 per Warrant Subscription Share.

** For identification purpose only*

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information regarding the CB Subscription Agreement and the Warrant Subscription Agreement and a notice to convene the EGM.

2. THE CB SUBSCRIPTION AGREEMENT

Date

26 November 2010 (after trading hours of the Stock Exchange)

Parties

- (1) the Company; and
- (2) the Subscriber

Principal terms of the Convertible Bonds

The principal terms of the Convertible Bonds are summarized below:

Issuer	The Company
Principal amount	RMB70,000,000 (equivalent to approximately HK\$81,680,280)
Denomination	RMB2,500,000 each
Issue price	100% of the principal amount of the Convertible Bonds
Interest	The Convertible Bonds are non-interest bearing
Maturity Date	The day falling on the 5th anniversary of the CB Issue Date or, if such day is not a Business Day, the first Business Day thereafter
Conversion Price	Initial conversion price of HK\$1.00 per Conversion Share (subject to adjustments and resets in accordance with the terms of the Convertible Bonds, as detailed below)

LETTER FROM THE BOARD

Conversion Period

The Bondholder(s) has the right to convert the outstanding principal amount of the Convertible Bonds held by it, in whole or in part, into Shares at any time from the 30th day after the CB Issue Date to the 10th day prior to the Maturity Date (both days inclusive or, if such day is not a Business Day, the first Business Day thereafter), provided that any conversion of the Convertible Bonds (i) does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder(s) who has exercised its conversion rights and parties acting in concert with it (as defined under the Takeovers Code); (ii) will not cause the public float of the Company to be unable to meet the relevant requirements under the Listing Rules; and (iii) will be in compliance with applicable laws and regulations including but not limited to the Takeovers Code and the Listing Rules.

Redemption

- (1) On the Maturity Date, the outstanding amount of the Convertible Bonds will be automatically redeemed by the Company at a redemption amount that provides the Bondholder(s) with an internal rate of return of 6% per annum on a compound basis on the principal amount of such Convertible Bonds calculated from the CB Issue Date.
- (2) Upon exercise of the Put Option, the Bondholder(s) can require the Company to redeem its Convertible Bonds, in whole or in part, at a redemption price equal to the principal amount plus a yield accrued at 6% per annum on a compound basis on the principal amount of such Convertible Bonds (the "Accreted Principal Amount"). Redemption upon exercise of the Put Option shall be in multiples of RMB2,500,000.

LETTER FROM THE BOARD

- (3) Upon the occurrence of (i) a Change of Single Largest Shareholder; (ii) delisting of the Shares; or (iii) suspension in the trading of the Shares on the Stock Exchange for a continuous period of 30 days or more; or in the case of suspensions pending for clearance of announcements or circulars as requested by the Stock Exchange in respect of notifiable transactions, a continuous period of 90 days or more, the Bondholder(s) can require the Company to redeem its Convertible Bonds, in whole or in part, at the Accreted Principal Amount. Redemption under the occurrence of the above events shall be in multiples of RMB2,500,000.
- (4) Upon the occurrence of an Event of Default as set out in the terms of the Convertible Bonds, the Bondholder(s) can require the Company to redeem its Convertible Bonds, in whole or in part, at the Accreted Principal Amount.

All payments from redemption shall be made in US\$ at the US\$ Equivalent Amount.

Put Option of the Bondholders

As set out in the paragraph headed "Put Option to the Convertible Bonds" below

Mandatory Conversion Option of the Company

As set out in the paragraph headed "Mandatory Conversion Option" below

Status

The Convertible Bonds constitute general, unsecured and unsubordinated obligations of the Company, and will rank *pari passu* with other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.

The Conversion Shares will rank *pari passu* in all respects with all other Shares in issue.

LETTER FROM THE BOARD

Transferability

The Convertible Bonds may be assigned or transferred to any person (save for the connected person of the Company), at any time, in whole or in part, in accordance with the terms of the Convertible Bonds. The Convertible Bonds cannot be assigned or transferred to a connected person of the Company unless the prior written consent of the Company has been obtained and that the relevant disclosures and/or shareholders' approval requirement and/or other requirement(s) (if applicable) as prescribed under the Listing Rules have been complied with. Any assignment or transfer of the Convertible Bonds shall be made in multiples of RMB2,500,000.

Conversion Price adjustments and resets

The Conversion Price shall be subject to anti-dilutive adjustments from time to time for adjustment events relating to the securities of the Company, including (i) share consolidation and subdivision, capitalisation of profits or reserves, capital distribution, issue of other securities by way of rights and offers for Shares; and (ii) issue of Shares by way of rights, issue of Shares other than by way of rights, issue of Shares upon conversion or subscription, modification of rights of conversion or subscription, in each case at a price per Share less than 90% of the 10 days' average closing price of the Shares prior to the public announcement of such issues, grants or modifications.

The Conversion Price shall be reset downwards, if any, on the dates falling 6th, 12th, 18th, 24th and 30th months from the CB Issue Date (each, the "Price Reset Date") to an adjusted conversion price equal to the simple average of the closing price per Share for the 30 previous trading days immediately prior to the Price Reset Date (the "Reset Conversion Price"). Notwithstanding the foregoing, the Reset Conversion Price shall always be subject to a minimum of 70% of the initial Conversion Price (as adjusted according to the anti-dilutive adjustments described above).

Voting

A Bondholder will not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being a holder of the Convertible Bonds.

LETTER FROM THE BOARD

Comparison of Conversion Price

The Conversion Price, being initially at HK\$1.00 per Conversion Share, represents:

- (i) a premium of approximately 28.21% over the closing price of HK\$0.78 per Share as quoted on the Stock Exchange on the date of the Announcement;
- (ii) a premium of approximately 27.23% over the average closing price of HK\$0.786 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the date of the Announcement;
- (iii) a premium of approximately 29.53% over the average closing price of HK\$0.772 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the date of the Announcement; and
- (iv) a premium of approximately 23.46% over the closing price of HK\$0.81 per Share as quoted on Stock Exchange on the Latest Practicable Date.

The Conversion Price was determined after arm's length negotiation between the Company and the Subscriber with reference to the prevailing market price and the historical price performance of the Shares. The Directors consider that the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Issue of Conversion Shares

The number of Conversion Shares to be issued upon conversion of the Convertible Bonds will be determined by dividing the Accreted Principal Amount (at the HK\$ Equivalent Amount) by the Conversion Price in effect on the conversion date. Any conversion of the Convertible Bonds shall be in multiples of RMB2,500,000.

Based on the above conditions and assuming that there is no anti-dilutive adjustment and that the Conversion Price will be reset downwards to a minimum of HK\$0.70, a maximum number of approximately 156,152,342 Conversion Shares will be allotted and issued upon full conversion of the Convertible Bonds on the date falling on the last day of the Conversion Period, representing approximately 23.21% of the issued share capital of the Company of 672,765,216 Shares as at the Latest Practicable Date and approximately 18.84% of the issued share capital of the Company of 828,917,558 Shares as enlarged by the issue of the Conversion Shares.

LETTER FROM THE BOARD

The Conversion Shares (based on the maximum number of approximately 156,152,342 Conversion Shares to be allotted and issued under the conditions and assumptions stated above) will have a nominal value of approximately HK\$15,615,234 and a market value of approximately HK\$126,483,397 based on the closing price of the Shares of HK\$0.81 as quoted on the Stock Exchange on the Latest Practicable Date.

Put Option to the Convertible Bonds

A Put Option is attached to each of the Convertible Bonds which allows the Bondholders to require the Company to redeem its Convertible Bonds (in multiple of RMB2,500,000, in whole or in part, in cash at the US\$ Equivalent Amount) at the Accreted Principal Amount.

The Put Option will only be exercisable by the Bondholders on the one and only one date falling 3 years after the CB Issue Date. A written notice to exercise the Put Option must be lodged with the Company at least 60 days before the abovementioned date.

Mandatory Conversion Option

The Company has the Mandatory Conversion Option, during the Mandatory Conversion Period, to redeem the Convertible bonds in the exact principal amount of RMB17,500,000 each time (but may not be in part or in excess of this amount, or in whole if the outstanding principal amount of the Convertible Bonds is less than RMB17,500,000 at the time of the exercise of the Mandatory Conversion Option) at a redemption price equal to the principal amount plus a yield accrued at 6% per annum on a compound basis on the respective principal amount of the Convertible Bonds by way of issue and allotment of Conversion Shares to the Bondholders, subject to the fulfillment of the following conditions:

- (i) each of the closing prices per Share as quoted on the Stock Exchange for the 30 previous consecutive trading days immediately before the date of exercise of the Mandatory Conversion Option (including the date of exercise if that date is a trading day) will have exceeded 130% of the Conversion Price in force at that time plus a yield accrued at 6% per annum on a compound basis; and
- (ii) the Mandatory Conversion Option will have not been exercised by the Company or more than 45 trading days have been lapsed after the duly delivery of the Conversion Shares to the Bondholders in respect of the previous exercise of the Mandatory Conversion Option.

If at the time of the exercise the Mandatory Conversion Option the Convertible Bonds are held by more than one Bondholder and the total outstanding principal amount of the Convertible Bonds is less than RMB17,500,000, the amount to be converted from the Convertible Bonds of each Bondholder shall be in whole.

LETTER FROM THE BOARD

If at the time of exercise the Mandatory Conversion Option the Convertible Bonds are held by more than one Bondholder and the total outstanding principal amount of the Convertible Bonds is more than RMB17,500,000, the amount to be converted from the Convertible Bonds of each Bondholder shall be calculated pro rata according to their respective holding rounded to the nearest RMB2,500,000.

Conditions precedent to the CB Subscription Agreement

Completion of the CB Subscription Agreement is conditional upon the fulfillment of the following conditions:

- (i) the Listing Committee granting the listing of, and permission to deal in, all of the Conversion Shares to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds;
- (ii) the passing of the necessary resolution(s) by the Shareholders at the EGM approving the CB Subscription Agreement and the transactions contemplated thereunder including, among others, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares; and
- (iii) all other necessary consents and approval for the issue of the Convertible Bonds having been obtained.

If any of the aforesaid conditions is not satisfied on or before 5:00 p.m. of 26 May 2011 (or such other date as may be agreed between the Company and the Subscriber), the CB Subscription Agreement will lapse and the parties to the CB Subscription Agreement shall be released from all obligations thereunder, save for the liabilities for any antecedent breaches thereof.

Completion of the CB Subscription Agreement

Completion of the CB Subscription Agreement shall take place on or before 4:00 p.m. of the second Business Day following the fulfillment of the conditions precedent specified in the CB Subscription Agreement (or such other date may be agreed between the Company and the Subscriber).

3. THE WARRANT SUBSCRIPTION AGREEMENT

Date

26 November 2010 (after trading hours of the Stock Exchange)

Parties

- (1) the Company; and
- (2) the Subscriber

LETTER FROM THE BOARD

Principal terms of the Warrants

The principal terms of the Warrants are summarized below:

Issuer	The Company
Number of Warrants to be issued	Thirty (30)
Warrant Issue Price	HK\$0.03 per subscription right for one (1) Warrant Subscription Share attached to the Warrant
Warrant Exercise Price	HK\$1.20 per Warrant Subscription Share (subject to adjustments in accordance with the terms of the Warrants as detailed below)
Exercise period	<p>The Warrants can be exercised in whole or in part at any time from the Warrant Issue Date up to and including the day falling on the 3rd anniversary of the Warrant Issue Date or, if such day is not a Business Day, the first Business Day thereafter (or to be extended to the day falling on the 5th anniversary of the Warrant Issue Date upon completion of the CB Subscription Agreement), provided that any exercise of the Warrants (i) does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Warrant Holder(s) who has exercised its conversion rights and parties acting in concert with it (as defined under the Takeovers Code); (ii) will not cause the public float of the Company to be unable to meet the relevant requirements under the Listing Rules; and (iii) will be in compliance with applicable laws and regulations including but not limited to the Takeovers Code and the Listing Rules.</p> <p>Any outstanding Warrant remained unexercised will be lapsed and cancelled thereafter.</p>
Status	The Warrant Subscription Shares will rank <i>pari passu</i> in all respects with all other Shares in issue.

LETTER FROM THE BOARD

Transferability	The Warrants may be assigned or transferred to any person (save for the connected person of the Company), at any time, in whole or in part, in accordance with the terms of the Warrants. The Warrants cannot be assigned or transferred to a connected person of the Company unless the prior written consent of the Company has been obtained and that the relevant disclosures and/or shareholders' approval requirement and/or other requirement(s) (if applicable) as prescribed under the Listing Rules have been complied with. Any assignment or transfer of the Warrants shall be made in multiple of such number of Warrants.
Warrant Exercise Price adjustment	The Warrant Exercise Price shall be subject to anti-dilutive adjustments (in ways similar to those applicable to the conversion price of the Convertible Bonds) from time to time for adjustment events relating to the securities of the Company, including share consolidation and subdivision, capitalisation of profits or reserves, capital distribution, issue of Shares by way of rights, issue of other securities by way of rights, issue of Shares other than by way of rights, issue of Shares upon conversion or subscription, modification of rights of conversion or subscription, and offers for Shares.
Voting	A Warrant Holder will not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being a holder of the Warrants.

Comparison of Warrant Exercise Price

The Warrant Exercise Price, being initially at HK\$1.20 per Warrant Subscription Share, represents:

- (i) a premium of approximately 53.85% over the closing price of HK\$0.78 per Share as quoted on the Stock Exchange on the date of the Announcement;
- (ii) a premium of approximately 52.67% over the average closing price of HK\$0.786 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the date of the Announcement;

LETTER FROM THE BOARD

- (iii) a premium of approximately 55.44% over the average closing price of HK\$0.772 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the date of the Announcement; and
- (iv) a premium of approximately 48.15% over the closing price of HK\$0.81 per Share as quoted on Stock Exchange on the Latest Practicable Date.

The Warrant Exercise Price was determined after arm's length negotiation between the Company and the Subscriber with reference to the prevailing market price and the historical price performance of the Shares. The Directors consider that the Warrant Exercise Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Issue of the Warrant Subscription Shares

The initial number of Warrant Subscription Shares issuable upon exercise of each Warrant shall be 2,000,000. Each Warrant shall be exercisable in denomination of HK\$ and integral amounts of 2,000,000 Warrant Subscription Shares.

In the event of a share split or an issue of bonus shares on the Shares, the number of Warrant Subscription Shares issuable for any unexercised Warrant shall be adjusted on the basis that the respective Warrant Holder shall have the same proportion of the issued share capital of the Company for which any Warrant Holder is entitled to subscribe pursuant to the Warrant(s) held by him before such share split or issue of bonus shares takes place and the aggregate Warrant Exercise Price payable upon the full exercise of the subscription rights attached to any Warrant is to remain as nearly as possible the same as it was before such event.

An initial maximum of 60,000,000 Warrant Subscription Shares will be allotted and issued upon full exercise of the Warrants, representing approximately 8.92% of the issued share capital of the Company of 672,765,216 Shares as at the Latest Practicable Date and approximately 8.19% of the issued share capital of the Company of 732,765,216 Shares as enlarged by the issue of the Warrant Subscription Shares.

The Warrant Subscription Shares will have a nominal value of HK\$6,000,000 and a market value of HK\$48,600,000 based on the closing price of the Shares of HK\$0.81 as quoted on the Stock Exchange on the Latest Practicable Date.

Conditions precedent to the Warrant Subscription Agreement

Completion of the Warrant Subscription Agreement is conditional upon the fulfillment of the following conditions:

- (i) the Listing Committee shall have approved the issue of the Warrants either unconditionally or subject to conditions to which neither the Company nor the Subscriber shall reasonably object and the satisfaction of such conditions;

LETTER FROM THE BOARD

- (ii) the Listing Committee shall have granted (either unconditionally or subject to conditions to which neither the Company nor the Subscriber shall reasonably object) the listing of, and permission to deal in, the Warrant Subscription Shares which may fall to be allotted and issued upon the exercise of the subscription rights attached to the Warrants; and
- (iii) the passing of necessary resolution(s) by the Shareholders at the EGM approving the Warrant Subscription Agreement and the transactions contemplated thereunder, including but not limited to the issue and allotment of the Warrant Subscription Shares.

If any of the aforesaid conditions is not satisfied on or before 5:00 p.m. of 26 May 2011 (or such other date as may be agreed between the Company and the Subscriber), the Warrant Subscription Agreement will lapse and the parties to the Warrant Subscription Agreement shall be released from all obligations thereunder, save for the liabilities for any antecedent breaches thereof.

Completion of the Warrant Subscription Agreement

Completion of the Warrant Subscription Agreement shall take place within three Business Days following the date on which the conditions precedent specified in the Warrant Subscription Agreement are fulfilled (or such other date as may be agreed between the Company and the Subscriber).

4. EFFECTS ON THE SHAREHOLDING OF THE COMPANY

Assuming that no other new Shares will be issued and none of the outstanding existing convertible bonds and the outstanding share options of the Company will be converted or exercised, the shareholding structures of the Company (i) as at the Latest Practicable Date; (ii) upon the full conversion of the Convertible Bonds but before any exercise of the Warrants; (iii) upon the full exercise of the Warrants but before any conversion of the Convertible Bonds; and (iv) upon the full conversion of the Convertible Bonds and the full exercise of the Warrants, are as follows:

Name of Shareholder	As at the date of Latest Practicable Date		Immediately upon full conversion of the Convertible Bonds but before any exercise of the Warrants (Note 2)		Immediately upon full exercise of the Warrants but before any conversion of the Convertible Bonds		Immediately upon full conversion of the Warrants and full exercise of the Warrants (Note 2)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Mr. Wu Shaoning (Note 1)	203,200,000	30.20	203,200,000	24.51	203,200,000	27.73	203,200,000	22.86
The Bondholder(s)	-	-	156,152,342	18.84	-	-	156,152,342	17.57
The Warrant Holder(s)	-	-	-	-	60,000,000	8.19	60,000,000	6.75
Subtotal	-	-	156,152,342	18.84	60,000,000	8.19	216,152,342	24.32
Other public Shareholders	469,565,216	69.80	469,565,216	56.65	469,565,216	64.08	469,565,216	52.82
Total	672,765,216	100.00	828,917,558	100.00	732,765,216	100.00	888,917,558	100.00

LETTER FROM THE BOARD

Notes:

- (1) Mr. Wu Shaoning is an executive Director and the Chairman of the Company.
- (2) Based on the maximum number of 156,152,342 Conversion Shares to be allotted and issued under the conditions and assumptions set out in the paragraph headed "Issue of Conversion Shares" above.

5. REASONS FOR ENTERING INTO THE CB SUBSCRIPTION AGREEMENT AND THE WARRANT SUBSCRIPTION AGREEMENT AND USE OF PROCEEDS

The Directors consider the issues of Convertible Bonds and the Warrants represent opportunities to raise additional capital for the Company to strengthen the capital base of the Company and to explore potential business in the future with readily available funds. The Directors consider that the CB Subscription Agreement and the Warrant Subscription Agreement are entered into after arm's length negotiations between the Company and the Subscriber and that the terms of the CB Subscription Agreement and the Warrant Subscription Agreement are normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The estimated net proceeds from the issue of the Convertible Bonds and the Warrants of approximately HK\$76,080,000 and HK\$1,800,000 respectively, after deduction of related expenses of approximately HK\$5,600,000 for the issue of the Convertible Bonds and the Warrants, are intended to be utilized for financing possible future investments and the general working capital of the Group.

The net price of each Conversion Share, calculated by dividing the estimated net proceeds from the issue of the Convertible Bonds by the initial number of Conversion Shares to be allotted and issued upon full conversion of the Convertible Bonds on the CB Issue Date, is approximately HK\$0.93.

The net price of each Warrant Subscription Share, calculated by dividing the estimated aggregate net proceeds from the issue and exercise of the Warrants by the initial maximum number of Warrant Subscription Shares to be allotted and issued upon full exercise of the Warrants, is approximately HK\$1.23.

Assuming the full exercise of the Warrants, it is expected that further funds of approximately HK\$72,000,000 will be raised which will be utilized as additional working capital of the Group.

6. CAPITAL RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

Apart from the capital raising activity mentioned below, the Company has not carried out any other capital raising activity during the 12 months immediately before the date of the Announcement.

LETTER FROM THE BOARD

Date of initial announcement	Capital raising activity	Intended use of net proceeds	Actual use of net proceeds
19 January 2010	Placing of 50,000,000 new Shares at HK\$0.95 per Share	Approximately HK\$46.5 million for general working capital of the Group	Used as intended

7. INFORMATION ON THE SUBSCRIBER

The Subscriber, Concept Capital Management Ltd., is a company incorporated in the Marshall Islands with limited liability and its principally engaged in investments in the capital market. To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are independent third parties not connected with the Company or any of its connected persons.

8. INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability and is an investment holding company with its issued Shares listed on the Main Board of the Stock Exchange. The principal business activities of the Group are trading of fertilizers, pesticides, other agricultural and non-agricultural resources products; manufacturing and selling of plant growth regulatory products, pesticides and fertilizers; provision of plant protection technical services; and planting and sales of landscaping seedlings.

9. GENERAL

The Conversion Shares and the Warrant Subscription Shares will be allotted and issued under the Specific Mandate proposed to be sought from the Shareholders at the EGM. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares and the Warrant Subscription Shares.

The Convertible Bonds and the Warrants will not be listed on Stock Exchange or any other stock exchange. Accordingly, no application will be made for the listing of the Convertible Bonds and the Warrants on the Stock Exchange or any other stock exchange.

Completion of each of the CB Subscription Agreement and the Warrant Subscription Agreement is not dependent upon the completion of each other.

Shareholders and potential investors should note that completion of the each of the CB Subscription Agreement and the Warrant Subscription Agreement is subject to the fulfillment of the conditions precedent set out in the CB Subscription Agreement and the Warrant Subscription Agreement respectively. As the issue of the Convertible Bonds and the issue of the Warrants may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and if they are in doubt about their position, they should consult their professional advisers.

LETTER FROM THE BOARD

10. THE EGM

A notice convening the EGM to be held at Concord Room III, 8/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Hong Kong on Wednesday, 29 December 2010, at 10:30 a.m. is set out on pages 20 to 22 of this circular.

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, no Shareholder would be required to abstain from voting at the EGM pursuant to the Listing Rules. The resolution(s) proposed to be approved at the EGM will be taken by poll and an announcement will be made by the Company on the results of the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's principal office in Hong Kong, at Room 2706, 27th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the EGM. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM should you so desire.

11. 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.

12. RECOMMENDATION

The Directors consider that the Issue of the Convertible Bonds and the Warrants are in the best interests of the Company and the Shareholders as a whole and therefore recommend you to vote in favour of the ordinary resolutions approving the CB Subscription Agreement, the Warrant Subscription Agreement and transactions contemplated thereunder.

13. MISCELLANEOUS

The English version of this circular and the proxy form shall prevail over the Chinese text.

Yours faithfully,
For and on behalf of the Board
China Agrotech Holdings Limited
Wu Shaoning
Chairman

NOTICE OF EGM



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: 01073)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of China Agrotech Holdings Limited (the “**Company**”) will be held at Concord Room III, 8/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Hong Kong on Wednesday, 29 December 2010 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions with or without amendments as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the conditional convertible bonds subscription agreement (the “**CB Subscription Agreement**”) dated 26 November 2010 and entered into between the Company as issuer and Concept Capital Management Ltd. as subscriber (the “**Subscriber**”) in relation to the subscription of the convertible bonds (the “**Convertible Bonds**”) with aggregate principal amount of RMB70,000,000 by the Subscriber, which entitles the holder(s) thereof to convert the Convertible Bonds into conversion shares (the “**Conversion Shares**”) of HK\$0.10 each in the share capital of the Company at the initial conversion price of HK\$1.00 (subject to adjustments and resets in accordance with the terms of the Convertible Bonds) per Conversion Share (a copy of which is produced to the Meeting marked “A” and signed by the Chairman of the Meeting for the purpose of identification), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the issue of the Convertible Bonds in accordance with the terms and conditions of the CB Subscription Agreement and the transactions contemplated thereunder be and is hereby approved;
- (c) conditional upon, among others, the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon the conversion of the Convertible Bonds, the allotment and issue of the Conversion Shares to the relevant holder(s) of the Convertible Bonds be and is hereby approved; and

* For identification purpose only

NOTICE OF EGM

- (d) any one director of the Company be and is hereby authorised to do all such things and acts as he may in his discretion consider as necessary, expedient or desirable for the purpose of or in connection with the implementation of the CB Subscription Agreement and the transactions contemplated thereunder, including but not limited to the execution all such documents under seal where applicable, as he/she considers necessary or expedient in his opinion to implement and/or give effect to the issue of the Convertible Bonds, and the allotment and issue of Conversion Share(s) of which may fall to be issued upon exercise of the subscription rights attaching to the Convertible Bonds.”

2. “THAT

- (a) the conditional warrant subscription agreement (the “**Warrant Subscription Agreement**”) dated 26 November 2010 and entered into between the Company as issuer and the Subscriber as subscriber in relation to the subscription of the thirty (30) unlisted warrants (the “**Warrants**”) by the Subscriber, at the warrant issue price of HK\$0.03 per subscription right for one (1) Warrant Subscription Share (as defined below), which each Warrant with rights entitles the holder(s) thereof to subscribe for 2,000,000 shares of HK\$0.10 each in the share capital of the Company (the “**Warrant Subscription Shares**”) at the initial warrant subscription price of HK\$1.20 (subject to adjustments in accordance with the terms of the Warrants) per Warrant Subscription Share (a copy of which is produced to the Meeting marked “B” and signed by the Chairman of the Meeting for the purpose of identification), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the issue of the Warrants in accordance with the terms and conditions of the Warrant Subscription Agreement and the transactions contemplated thereunder be and is hereby approved;
- (c) conditional upon, among others, the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Warrant Subscription Shares which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants, the allotment and issue of the Warrant Subscription Shares to the relevant holder(s) of the Warrant(s) be and is hereby approved; and
- (d) any one director of the Company be and is hereby authorised to do all such things and acts as he may in his discretion consider as necessary, expedient or desirable for the purpose of or in connection with the implementation of the Warrant Subscription Agreement and the transactions contemplated thereunder, including but not limited to the execution all such documents under seal where applicable, as he/she considers necessary or expedient in

NOTICE OF EGM

his opinion to implement and/or give effect to the issue of the Warrants, and the allotment and issue of Warrant Subscription Share(s) of which may fall to be issued upon exercise of the subscription rights attaching to the Warrants.”

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

Hong Kong, 9 December 2010

Notes:

1. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his/her stead. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy must be duly lodged at the Company's principal office in Hong Kong, at Room 2706, 27th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or any adjourned meeting.
3. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.