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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: 01073)**

### **(1) UPDATE OF OPERATION OF THE GROUP**

**AND**

### **(2) PROFIT WARNING**

China Agrotech Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) makes this announcement pursuant to Rule 13.09 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

#### **UPDATE OF OPERATION OF THE GROUP**

Due to the slowdown of the economic development of the Mainland China, the market situation of agricultural resources and block-trade of raw materials remained sluggish since 2013, and the operating costs of enterprises had been increasing, which worsened the operating environment of the market and made the competition of the industry even fierce, and hence resulted in the further shrinking of the profit margins of the agricultural resources operation and non-agricultural resources trading operation of the Group, as well as the slowdown in supply of goods from suppliers and settlements from customers of the Group since 2014. Consequently, the Group was subjected to increasingly tightened situation of its working capital in recent months.

Moreover, certain of the Group’s bank indebtedness of the Mainland China has been continually due, part of which has obtained renewal while the remaining was not yet renewed due to the continuing tightening of credit limit for enterprises by the banks of the Mainland China, which slowed down the processing of approval for such renewal. The Group has been actively negotiating with the relevant banks for renewal and/or refinancing arrangements in respect of those indebtedness subjected to renewal, and yet they are pending for reaching formal agreements.

In view of the above, the Group has been scaling down its operations since the second quarter of 2014 in order to minimize operation risks.

## **PROFIT WARNING**

The board of directors (the “Board”) of the Company wishes to inform shareholders of and potential investors in the Company that the Board expects that the Group will record a loss after tax for the year ended 30 June 2014, which may be significant, as compared with a profit after tax for the year ended 30 June 2013. This is mainly due to (1) that there was a record of a gain from compensation of shortfall of guaranteed profit arising from an acquisition, amounted to HK\$150,000,000 during the year ended 30 June 2013 while there was no such gain during the year ended 30 June 2014 upon expiry of the relevant profit guarantee period; (2) the increase in finance cost of the Group’s indebtedness; and (3) the scaling down of the operations of the Group as explained in the section headed “Update of Operation of the Group” above.

The information regarding profit warning contained in this announcement is only a preliminary assessment by the management of the Company based on information available as at the date of this announcement, and is not based on any figures or information which is finalized or has been audited or reviewed by the Company’s auditors. The detailed financial information of the Group shall be disclosed in the final results announcement of the Group for the year ended 30 June 2014.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 8 July 2014

*The Board as of the date of this announcement comprises Mr. Wu Shaoning and Ms. Chen Xiao Fang, who are the executive Directors of the Company, and Mr. Wong Kin Tak, Mr. Zhang Shaosheng and Mr. Cheung Ka Yue, who are the independent non-executive Directors of the Company.*

*\* For identification purpose only*