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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)

INSIDE INFORMATION

DEMAND LETTER

GUARANTEE AND COUNTER GUARANTEE

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).

Demand Letter from Mr. Kwok Ho and Fujian Chaoda Group Co., Ltd.

On 28 October 2014, the Company received a demand letter dated 27 October 2014 and addressed to the Company and Mr. Wu Shaoning (“Mr. Wu”), the Chairman and executive director of the Company (the “Demand Letter”) from the legal representative of Mr. Kwok Ho (“Mr. Kwok”) and Fujian Chaoda Group Co., Ltd. (“Chaoda Group”) which is a private PRC enterprise owned by Mr. Kwok.

The Demand Letter addressed the following details:

1. Starting from around 2004, three indirect PRC subsidiaries of the Company, namely, Fujian Agrotech Holdings Co., Ltd. 福建浩倫農業科技集團有限公司 (“Fujian Agrotech”), Fujian Agrotech Oriental Import and Export Co., Ltd. 福建浩倫東方資源物產有限公司 (“Fujian Oriental”) and Fujian Sanming Agrotech Landscaping and Plant Protection Co., Ltd. 福建省三明市浩倫園藝植保有限公司 (“Fujian Sanming”) (collectively, the “Relevant Subsidiaries”) have obtained loans (the “Loans”) from different banks in the PRC (the “PRC Banks”) under various loan agreements and banking facilities (the “Loan Agreements with the PRC Banks”). Some of the Loans are already due and payable.
2. Mr. Kwok and Chaoda Group have provided guarantee for the Loans to the aforesaid PRC Banks (the “Guarantee”). As at the date of the Demand Letter, the outstanding aggregate amount of the Guarantee reaches RMB955 million.

3. In connection with the Loan Agreements with the PRC Banks and in consideration of the Guarantee provided by Mr. Kwok and Chaoda Group, a counter-guarantee was jointly and severally provided by the Company and Mr. Wu in favour of Mr. Kwok and Chaoda Group (the “Counter-Guarantee”).
4. In addition to the Guarantee, Mr. Kwok entered into a loan agreement with Fujian Agrotech on 5 January 2014 (the “Loan Agreement with Mr. Kwok”). According to a confirmation signed by all parties dated 31 May 2014, a total amount of RMB96 million was lent to Fujian Agrotech by Mr. Kwok (“Mr. Kwok’s Loan”) under the Loan Agreement with Mr. Kwok. Mr. Kwok’s Loan is now due and payable.
5. Under the Loan Agreement with Mr. Kwok, the Company and Mr. Wu are the joint and several guarantors of Mr. Kwok’s Loan.
6. Furthermore, in view of the Relevant Subsidiaries’ financial situations, the PRC Banks have been demanding repayment from Mr. Kwok and Chaoda Group as guarantors. On 12 September 2014, to fulfill the obligations as guarantors, Mr. Kwok and Chaoda Group entered into a settlement agreement with one of the PRC Banks, namely Shanghai Pudong Development Bank, under which Mr. Kwok and Chaoda Group have assumed responsibility to repay the outstanding amount of about RMB88 million owed by Fujian Agrotech and Fujian Oriental under the relevant Loan Agreements with the PRC Banks (the “Settled Bank Loan”). While no other settlement agreements have been reached between Mr. Kwok and other PRC Banks thus far, Mr. Kwok and Chaoda Group anticipate that the same would be signed in the near future.
7. In respect of Mr. Kwok’s Loan and the Settled Bank Loan, Mr. Kwok and Chaoda Group have sent the Company and Mr. Wu a notice (the “Notice”) to demand repayment and indemnity on the part of the Company and Mr. Wu as guarantors and counter-guarantors. The Notice was attached together with the Demand Letter.
8. Mr. Kwok thereby demand the Company and Mr. Wu to repay Mr. Kwok’s Loan and fulfill the obligation of the Company and Mr. Wu as guarantors under the Loan Agreement with Mr. Kwok, and to comply with the Notice.
9. Mr. Kwok and Chaoda Group further urge the Company and Mr. Wu to contact the PRC Banks to ascertain the exact amount of the Loans drawn down by the Relevant Subsidiaries and still outstanding, to procure the Relevant Subsidiaries to immediately repay those outstanding Loans to the PRC Banks, and to fulfill the obligations of the Company and Mr. Wu under the Counter-Guarantee.
10. If the Company and Mr. Wu fail to comply with paragraph 8 above within the next 5 working days, Mr. Kwok and Chaoda would consider commencing legal proceedings against the Company and Mr. Wu for the recovery thereof together with interest (include penal interest) without further notice. In that event, the Company and Mr. Wu will also be liable for all legal, professional and other costs and expenses incurred by Mr. Kwok and Chaoda Group.

In light of the above, the Company has preliminary ascertained the aggregate outstanding amount of the Loans, which were guaranteed by Mr. Kwok and Chaoda Group and counter-guaranteed by the Company and Mr. Wu, to be in the range of RMB600 million to 700 million (including the Settled Bank Loan). On the other hand, in respect of the Settled Bank Loan, the outstanding amount of loan assumed by Mr. Kwok and Chaoda Group should be approximately RMB89 million of which RMB30 million has already been paid by Mr. Kwok as of the date of this announcement.

The Company will make its best endeavor to negotiate with Mr. Kwok and Chaoda Group, as well as other creditors of the Group for a viable solution in respect of the Group's indebtedness in order to avoid further legal actions to be taken by them.

Further announcement(s) relating to the Demand Letter will be made by the Company as and when appropriate or as required by the Listing Rules.

Continued Suspension in Trading of the Shares

Reference is also made to the Company's announcement dated 25 September 2014 (the "Delay Results Announcement").

As stated in the Delay Results Announcement, at the request of the Company, trading in the shares of the Company has been suspended with effect from 1:00 p.m. on 18 September 2014 and will remain suspended until the release of further announcement of inside information in relation to the indebtedness situation of the Group and the publication of the 2014 Annual Results.

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

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

Hong Kong, 29 October 2014

The Board as of the date of this announcement comprises Mr. Wu Shaoning, Ms. Chen Xiao Fang and Mr. Zhang Liang, 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*