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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)

(1) PROPOSED ISSUE OF UNLISTED WARRANTS AND (2) RESUMPTION OF TRADING

PROPOSED ISSUE OF UNLISTED WARRANTS

On 19 August 2007, the Company entered into the Subscription Agreement with the Subscribers, pursuant to which the Company has conditionally agreed to issue to Mr. Wong and Mr. Cheng being the Subscribers, and Mr. Wong and Mr. Cheng have conditionally agreed to subscribe for 58,800,000 and 25,200,000 Warrants, respectively at the Issue Price of HK\$0.03 per Warrant.

Holders of the Warrants may exercise the subscription rights attaching to the Warrants, in whole or in part, at any time during the Exercise Period to subscribe for the Subscription Shares at the Subscription Price of HK\$1.00 per Subscription Share. Each Warrant carries the right to subscribe for one Subscription Share. The Subscription Shares will be issued under the General Mandate.

Completion of the Subscription Agreement is subject to the fulfillment of the condition stated in the paragraph headed "Condition precedent" in this announcement.

It is expected that the net proceeds of approximately HK\$2,400,000 (after deducting related expenses) which will be raised by the subscription of the Warrants will be utilized by the Group as general working capital.

Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected that further funds of approximately HK\$83,500,000 will be raised which will be utilized by the Group as additional general working capital.

* *for identification purposes only*

IMPLICATIONS UNDER THE LISTING RULES

The Company has not previously utilized the General Mandate.

Pursuant to Rule 15.02(1) of the Listing Rules, the Subscription Shares to be issued upon exercise of the Warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20 per cent. of the issued equity capital of the Company at the time the Warrants are issued. Options granted under employee or executive share schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit. As at the date of this announcement, there is no other securities with subscription rights outstanding and not yet exercised. Assuming full exercise of the subscription rights attaching to the Warrants, 84,000,000 Subscription Shares, representing (i) approximately 17.15 per cent. of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 14.64 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares upon full exercise of the subscription rights attaching to the Warrants, will be issued. Accordingly, the issue of the Warrants will be in compliance with Rule 15.02(1) of the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 20 August 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 21 August 2007.

PROPOSED ISSUE OF UNLISTED WARRANTS

On 19 August 2007, the Company entered into the Subscription Agreement with the Subscribers, pursuant to which the Company has conditionally agreed to issue to Mr. Wong and Mr. Cheng being the Subscribers, and Mr. Wong and Mr. Cheng have conditionally agreed to subscribe for 58,800,000 and 25,200,000 Warrants respectively, at the Issue Price of HK\$0.03 per Warrant.

THE SUBSCRIPTION AGREEMENT

Date

19 August 2007

Parties

- (1) the Company as the issuer of the Warrants
- (2) Mr. Wong and Mr. Cheng as the Subscribers of the Warrants

Mr. Wong, aged 42, is a merchant who has about 10 years' experience in investment and trading of timber and mining products. Mr. Cheng, aged 42, has more than 15 years' experience in direct investment, economic research, business development and venture or project financing. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save and except that both Mr. Wong and Mr. Cheng are parties to the Subscription Agreement and subscribers for the Warrants, Mr. Wong and Mr. Cheng have no relationship with each other.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Subscribers is a third party independent of the Company and not a connected person (as defined in the Listing Rules) of the Company.

Assuming that there is no change in the share capital of the Company between the date of this announcement and the date of Completion and the Subscribers exercise the subscription rights attaching to the relevant Warrants in full upon the issue of the Warrants, Mr. Wong will become a substantial Shareholder (as defined in the Listing Rules) resulting from the subscription.

Information on the Warrants

Mr. Wong and Mr. Cheng have conditionally agreed to subscribe from the Company 58,800,000 and 25,200,000 Warrants respectively at the Issue Price of HK\$0.03 per Warrant.

Assuming full exercise of the subscription rights attaching to the Warrants by the Subscribers, the Company will issue to the Subscribers an aggregate of 84,000,000, Subscription Shares (as to 58,800,000 Subscription Shares to Mr. Wong and as to 25,200,000 Subscription Shares to Mr. Cheng), representing (i) approximately 17.15 per cent. of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 14.64 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares upon full exercise of the subscription rights attaching to the Warrants.

The Warrants will be issued to the Subscribers upon Completion in registered form and constituted by the Deed Poll. The Warrants will rank *pari passu* in all respect among themselves.

Each Warrant carries the right to subscribe for one Subscription Share at the Subscription Price and is issued at the Issue Price of HK\$0.03.

The subscription rights attaching to the Warrants can be exercised at any time during the Exercise Period. The Subscription Shares, when fully paid, issued, and allotted, will rank *pari passu* in all respects with the Shares then in issue on the date of allotment and issue of the relevant Subscription Shares (other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the date of the receipt by the Company of the relevant exercise notice).

Issue Price and Subscription Price

The Issue Price is HK\$0.03 per Warrant payable in cash upon Completion.

The Subscription Price is HK\$1.00 per Subscription Share. In the event of a capitalization issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company, corresponding adjustments (if any) will be made to the number of Subscription Shares subject to the Warrants so far as unexercised; and/or the subscription prices thereof, as the auditors or financial adviser of the Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable.

The Subscription Price of HK\$1.00 per Subscription Share represents:

- (i) a premium of approximately 4.17 per cent. to the closing price of HK\$0.96 per Share as quoted on the Stock Exchange on 17 August 2007, being the last trading date preceding the date of this announcement;
- (ii) a discount of approximately 12.43 per cent. to the average of the closing price of HK\$1.142 per Share as quoted on the Stock Exchange from 13 August 2007 to 17 August 2007 being the last five trading days preceding the date of the Subscription Agreement; and
- (iii) a discount of approximately 17.15 per cent. to the average of the closing price of HK\$1.207 per Share as quoted on the Stock Exchange from 6 August 2007 to 17 August 2007 being the last ten trading days preceding the date of this announcement.

The aggregate of the Issue Price per Warrant and the Subscription Price per Subscription Share (being an aggregate of HK\$1.03) represents:

- (i) a premium of approximately 7.29 per cent. to the closing price of HK\$0.96 per Share as quoted on the Stock Exchange on 17 August 2007, being the last trading date preceding the date of this announcement;
- (ii) a discount of approximately 9.81 per cent. to the average of the closing price of HK\$1.142 per Share as quoted on the Stock Exchange from 13 August 2007 to 17 August 2007 being the last five trading days preceding the date of the Subscription Agreement; and
- (iii) a discount of approximately 14.66 per cent. to the average of the closing price of HK\$1.207 per Share as quoted on the Stock Exchange from 6 August 2007 to 17 August 2007 being the last ten trading days preceding the date of this announcement.

The Board considers that both the Subscription Price and the aggregate of it with the Issue Price of the Warrant, having taking into account the recent trading prices of the Shares and an exercise period of two years, are fair and reasonable, which are determined after arm's length negotiations between the Company and the Subscribers, and are in the interests of the Company and the Shareholders as a whole.

Exercise Period

Two years commencing from the date of issue of the Warrants

Transferability

The Warrants are transferable in integral multiples of 100,000 Warrants subject to the consent of the Company whose consent shall not be unreasonably refused or withheld.

Condition precedent

Completion of the Subscription Agreement is conditional upon the Listing Committee shall have granted (either unconditionally or subject to conditions to which either the Company nor the Subscribers shall reasonably object) the listing of, and permission to deal in, the Subscription Shares which fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants.

If the above condition is not fulfilled on or before 5:00 p.m. on 30 September 2007 (or such later date as may be agreed between the Company and the Subscribers in writing), the Subscription Agreement shall lapse and become null and void and all parties shall be released from all obligations thereunder.

Pursuant to the Subscription Agreement, if at the time immediately before the Warrants are issued, the Subscription Shares to be issued upon exercise of the Warrants, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20 per cent. of the issued share capital of the Company, the Subscription Agreement shall be terminated and all parties shall be released from the obligations thereunder. This term is for the purpose of compliance with Rule 15.02(1) of the Listing Rules.

Completion

Completion of the Subscription Agreement shall take place on the date being fifth Business Days following the satisfaction of the conditions referred to in the above paragraph headed “Condition precedent”.

Rights for the holders of the Warrants

Holders of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being the holders of the Warrants. The holders of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

Subscription for the Subscription Shares must be for a minimum of 100,000 Shares or integral multiples thereof. In the event that the balance of the Warrants is less than 100,000, any holder of such Warrants may exercise the subscription rights attaching to such balance of the Warrants to subscribe for less than 100,000 Shares.

Mandate to issue the Subscription Shares

The General Mandate was granted to the Directors pursuant to an ordinary resolution of the Company passed at the AGM on 15 December 2006 to allot, issue and otherwise deal with Shares of up to 20% of the issued share capital of the Company as at the date of the AGM being 84,313,043 Shares. The Company has not previously utilized the General Mandate.

The Subscription Shares to be allotted and issued upon the exercise in full of the subscription rights attaching to the Warrants will be allotted and issued under the General Mandate.

REASONS FOR THE ISSUE OF THE WARRANTS

The Company is an investment holding company. Its subsidiaries are principally engaged in (i) the trading of fertilizers, pesticides and other agricultural resources products; (ii) the manufacturing and selling of plant growth regulatory products, pesticides and fertilizers; (iii) the provision of plant protection technical services; and (iv) trading of non-agricultural resources products in Mainland China.

The Directors consider that the issue of the Warrants provides a good opportunity to raise additional capital for the Company in that it will not have an immediate dilution effect on the shareholding of the existing Shareholders and the net proceeds of approximately HK\$2,400,000 (after deducting related expenses) will be raised immediately upon completion of the Subscription Agreement. The Directors have considered the immediate funds to be raised is not essential to financing the operations of the Group, which the Group currently has sufficient working capital to carry on its business activities. However, the Directors are of the view that the issue of the Warrants would provide the Group with an excellent opportunity to raise further substantial funds in the event the holder of the Warrants exercises his subscription rights attaching to the Warrants at any time during the Exercise Period. If and when the subscription rights attaching to the Warrants are exercised in full, further funds of approximately HK\$83,500,000 will also be raised.

In view of the above, the Directors consider that the issue of the unlisted Warrants is an appropriate method of raising additional capital for the Company in the circumstances and that the terms of the Subscription Agreement which have been arrived at after arm's length negotiations between the Company and the Subscribers are fair and reasonable and the Subscription Agreement is in the interest of the Company and the Shareholders as a whole.

USE OF PROCEEDS

It is expected the net proceeds of approximately HK\$2,400,000 (after deducting related expenses) (with a net issue price of approximately HK\$0.029 per Warrant) will be raised by the issue of the Warrants and the same will be utilized by the Group as general working capital.

Assuming the full exercise of the subscription rights attaching to the Warrants, it is expected further funds of approximately HK\$83,500,000 (with a net issue price of approximately HK\$0.99 per Subscription Share) will be raised which will be utilized by the Group as additional general working capital.

FUND RAISING DURING THE PAST TWELVE MONTHS

There has been no fund raising by the Company during the past twelve months preceding the date of this announcement.

CHANGE OF SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 489,765,216 Shares in issue. The shareholding structure of the Company before and after the full exercise of the subscription rights attaching to the Warrants (assuming no other change to the issued share capital of the Company) are as follows:

Shareholders	As at the date of this announcement		Assuming full exercise of the subscription rights attaching to the Warrants	
	Number of Shares	Approximate percentage	Number of Shares	Approximate percentage
Mr. Wu Shaoning (<i>Note</i>) Holder of the Warrants	186,200,000	38.02	186,200,000	32.45
(being Mr. Wong) Holder of the Warrants	–	–	58,800,000	10.25
(being Mr. Cheng) Subtotal:	–	–	25,200,000	4.39
	186,200,000	38.02	270,200,000	47.09
Public Shareholders	303,565,216	61.98	303,565,216	52.91
Total	<u>489,765,216</u>	<u>100.00</u>	<u>573,765,216</u>	<u>100.00</u>

Note: Mr. Wu Shaoning is an executive Director.

APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares which fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

IMPLICATIONS UNDER THE LISTING RULES

The Company has not previously utilized the General Mandate.

Pursuant to Rule 15.02(1) of the Listing Rules, the Subscription Shares to be issued upon exercise of the Warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20 per cent. of the issued equity capital of the Company at the time the Warrants are issued. Options granted under employee or executive share schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit. As at the date of this announcement, there is no other securities with subscription rights outstanding and not yet exercised. Assuming full exercise of the subscription rights attaching to the Warrants, 84,000,000 Subscription Shares, representing (i) approximately 17.15 per cent. of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 14.64 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares upon full exercise of the subscription rights attaching to the Warrants, will be issued. Accordingly, the issue of the Warrants will be in compliance with Rule 15.02(1) of the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 20 August 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 21 August 2007.

DEFINITIONS

In this announcement, the following terms have the following meanings:

“AGM”	the annual general meeting of the Company held on 15 December 2006
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday) on which licensed banks in Hong Kong are generally open for business
“Company”	China Agrotech Holdings Limited, a company incorporated in the Cayman Islands with limited liability, with its shares listed on the Main Board of the Stock Exchange
“Completion”	completion of the subscription of the Warrants in accordance with the terms and conditions of the Subscription Agreement
“Deed Poll”	the deed poll constituting the Warrants to be executed by the Company upon Completion
“Director(s)”	the director(s) of the Company
“Exercise Period”	a period of two years commencing from the date of the issue of the Warrants
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM of the Company held on 15 December 2006 to allot, issue and otherwise deal with Shares of up to 20% of the issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“Issue Price”	HK\$0.03 per unit of Warrant to be issued pursuant to the Subscription Agreement
“Listing Committee”	listing committee of the Stock Exchange
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Cheng”	Cheng Maiyue
“Mr. Wong”	Wong Ting Kwong
“PRC”	the People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary share(s) of nominal value of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Mr. Wong and Mr. Cheng
“Subscription Agreement”	the subscription agreement dated 19 August 2007 entered into between the Company and the Subscribers in relation to the issue of the Warrants by the Company to the Subscribers
“Subscription Price”	the subscription price of HK\$1.00 per Subscription Share at which holders of the Warrants may subscribe for the Subscription Shares
“Subscription Shares”	new Shares which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants
“Warrants”	a total of 84,000,000 unlisted Warrants to be issued by the Company at the Issue Price per Warrant, in registered form, each of subscription rights entitling the holder thereof to subscribe for one Subscription Share at the Subscription Price at any time during the Exercise Period, subject to the terms and conditions set out in the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 20 August 2007

As at the date of this statement, the Executive Directors of the Company are Mr. Wu Shaoning and Mr. Yang Zhuoya, and Independent Non-executive Directors are Mr. Lam Ming Yung, Mr. Zhang Shaosheng and Mr. Wong Chi Wai.

This announcement, 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.