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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)**

### **PLACING OF NEW SHARES AND CONVERTIBLE BONDS UNDER GENERAL MANDATE AND RESUMPTION OF TRADING**

**Placing Agent**



**EXCALIBUR SECURITIES LIMITED**

#### **Placing of New Shares**

The Company and the Placing Agent entered into the Share Placing Agreement on 4 June 2009 (after trading hours), whereby the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, a maximum of 42,900,000 Placing Shares to independent investors at a price of HK\$0.70 per Placing Share.

Completion of the Placing of New Shares is subject to the satisfaction of the conditions precedent in the Share Placing Agreement.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

\* For identification purpose only

## **Placing of Convertible Bonds**

The Company and the Placing Agent entered into the CB Placing Agreement on 4 June 2009 (after trading hours), whereby the Company has conditionally agreed to place and the Placing Agent has conditionally agreed to procure subscribers for the subscription of the Convertible Bonds in an aggregate maximum principal amount of HK\$29,970,000, on a best effort basis, to independent investors with an initial conversion price of HK\$0.90 per Conversion Share.

Completion of the Placing of Convertible Bonds is subject to the satisfaction of the conditions precedent in the CB Placing Agreement.

No application will be made for the listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

**Completion of each of the Placing of New Shares and the Placing of Convertible Bonds is not dependent upon the completions of each of the other.**

**As the Placing of New Shares and the Placing of Convertible Bonds may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

### **Resumption of trading**

At the request of the Company, dealings in the Shares on the Stock Exchange were suspended with effect from 9:30 a.m. on 5 June 2009 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 with effect from 9:30 a.m. on 8 June 2009.

## **THE SHARE PLACING AGREEMENT**

### **Date**

4 June 2009 (after trading hours)

### **Issuer**

The Company

### **Placing Agent**

The Placing Agent has conditionally agreed to place a maximum of 42,900,000 Placing Shares on a best effort basis and will receive a placing commission of 1.5% on the gross proceeds of the actual number of Placing Shares being placed. The placing commission was determined by reference to the range of market norms for commissions for this type of transaction. The

Directors (including the independent non-executive Directors) are of the view that the placing commission is fair and reasonable. The Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

### **Placees**

The Placing Agent agreed to place the Placing Shares on a best effort basis to the Placees who, and whose ultimate beneficial owners, will be independent of and not be connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules). None of the Placees will become a substantial Shareholder (as defined in the Listing Rules) immediately after the Placing of New Shares nor will any new substantial/controlling shareholders be introduced after the Placing of New Shares. Further announcement will be made by the Company if the Placees are less than six in number.

### **Placing Shares**

The 42,900,000 Placing Shares with an aggregate nominal value of HK\$4,290,000 represent (i) approximately 8.76% of the existing issued share capital of the Company of 489,765,216 Shares as at the date of the Share Placing Agreement; and (ii) approximately 8.05% of the Company's issued share capital of 532,665,216 Shares as enlarged by the issue and allotment of the Placing Shares.

The Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 5 December 2008 subject to the limit up to 20% of the then issued share capital of the Company as at the date of the annual general meeting. Under the General Mandate, the Company is authorized to issue up to 97,953,043 Shares. As at the date of this announcement, no Share has been issued under the General Mandate. The Placing of New Shares is not subject to Shareholders' approval.

### **Ranking of the Placing Shares**

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

### **Placing Price**

The Placing Price of HK\$0.70 represents:

- (i) a discount of approximately 14.63% to the closing price of HK\$0.82 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 13.15% to the average closing price of approximately HK\$0.806 per Share as quoted on the Stock Exchange in the last five consecutive trading days up to and including the Last Trading Day; and

- (iii) a discount of approximately 11.05% to the average closing price of approximately HK\$0.787 per Share as quoted on the Stock Exchange in the last ten consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Placing of New Shares are on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

### **Conditions of the Placing of New Shares**

Completion of the Placing of New Shares is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, all of the Placing Shares either unconditionally or subject to such conditions to which the Placing Agent shall accept and such permission and listing not subsequently being revoked or withdrawn prior to the dispatch of definitive share certificate(s) representing the Placing Shares;
- (ii) the Cayman Islands Monetary Authority granting permission for the issue of the Placing Shares either unconditionally or subject to such conditions to which the Placing Agent shall accept and such permission not subsequently being revoked or withdrawn prior to the dispatch of definitive share certificate(s) representing the Placing Shares, if required; and
- (iii) the Placing Agent successfully procure Places to place the Placing Shares on or before 5:00 p.m. on 3 September 2009 (or such later time and date as the Placing Agent and the Company shall agree in writing).

If any of the foregoing provisions is not fulfilled on or before 5:00 p.m. on 3 September 2009, (or such later time and date as the Placing Agent and the Company shall agree in writing) the Share Placing Agreement will lapse and become null and void and the parties shall be released from all obligations under the Share Placing Agreement, save the liabilities for any antecedent breaches.

## Termination

Notwithstanding anything contained in the Share Placing Agreement, if, at any time prior to 12:00 noon on the Business Day prior to the Closing Date:

- (i) in the absolute opinion of the Placing Agent, the success of the Placing of New Shares would or might be adversely affected by:
  - (a) the introduction of any new laws or regulations or any change in existing laws or regulations or change in the interpretation or application thereof or other occurrence of any nature whatsoever which may in the absolute opinion of the Placing Agent materially and adversely affect the business or financial prospects of the Company or any member of the Group;
  - (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions;
  - (c) the imposition of any moratorium, suspension or material restriction of trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
  - (d) a change or development involving a prospective change in taxation in Hong Kong, Cayman Islands, the British Virgin Islands or the PRC or the implementation of exchange controls which shall or might materially and adversely affect the Company or its present or prospective shareholders in their capacity as such;
- (ii) any change or deterioration in the conditions of local, national or international securities markets occurs which, in the absolute opinion of the Placing Agent, is likely to adversely affect the success of, or makes it inexpedient or inadvisable to proceed with, the Placing of New Shares;
- (iii) any material breach of any of the representations and warranties set out in the Share Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to 12:00 noon on the Business Day prior to the Closing Date which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a breach by the Company of any other provision of the Share Placing Agreement; or

- (iv) any suspension in dealings in or the listing of the Shares on the Stock Exchange for a period of more than five (5) trading days shall occur (other than in connection with the Placing of New Shares),

then and in any such case, the Placing Agent may terminate the Share Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 12:00 noon on the Business Day prior to the Closing Date.

In the event that the Placing Agent terminates the Share Placing Agreement pursuant to the termination clause, all obligations of the Company and the Placing Agent under the Share Placing Agreement shall cease and determine and neither the Company nor the Placing Agent shall have any claim against any other party in respect of any matter arising out of or in connection with the Share Placing Agreement except for any antecedent breach.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

### **Completion of the Placing of New Shares**

Completion of the Placing of New Shares will take place on a date falling within five business days after the fulfillment of the conditions as set out in the Share Placing Agreement.

### **Application for listing**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

**As the Placing of New Shares may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

### **REASONS FOR THE PLACING OF NEW SHARES AND USE OF PROCEEDS**

The maximum gross proceeds from the Placing of New Shares is HK\$30.03 million. The maximum net proceeds from the Placing of New Shares (after deducting the placing commission) is approximately HK\$29.58 million which is intended to be used for general working capital of the Group. The net price raised per Share upon completion of the Placing of New Shares will be approximately HK\$0.69 per Share.

The recent market sentiment represents a good timing for raising equity capital for the Company. The Placing of New Shares represents an opportunity to raise additional capital for the Company to strengthen the capital base and to explore potential business in the future with readily available funds. The Directors consider that the Placing of New Shares is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **THE CB PLACING AGREEMENT**

### **Date**

4 June 2009 (after trading hours)

### **Issuer**

The Company

### **Placing Agent**

The Placing Agent has conditionally agreed to procure subscribers for the subscription of the Convertible Bonds in an aggregate maximum principal amount of HK\$29,970,000. The Placing Agent will receive a placing commission of 0.5% on the aggregate principal amount of the Convertible Bonds subscribed or procured to be subscribed by the Placing Agent. The placing commission was determined by reference to the range of market norms for commissions for this type of transaction. The Directors (including the independent non-executive Directors) are of the view that the placing commission is fair and reasonable. The Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

### **Subscribers**

The Placing Agent agreed to procure subscribers for the subscription of the Convertible Bonds, on a best effort basis, by the Subscribers who, and whose ultimate beneficial owners, will be independent of and not be connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules). Further announcement will be made by the Company if the Subscribers are less than six in number.

### **Principal terms of the Convertible Bonds:**

Issuer:	China Agrotech Holdings Limited
Principal amount:	HK\$29,970,000
Interest rate:	3% per annum on the outstanding principal amount payable annually in arrears on the anniversary of the date of issue of the Convertible Bonds
Conversion Price:	HK\$0.90 per Conversion Share
Maturity date:	The date falling on the 2nd anniversary of the date of issue of the Convertible Bonds, such date being a Business Day and if such date not being a Business Day, the immediately next Business Day



- Ranking: The Convertible Bonds constitute a direct, general, unconditional and unsecured obligations of the Company and rank *pari passu* and rateably without preference equally with all other present and/or future unsecured and unsubordinated obligations of the Company
- Transferability: The Convertible Bonds or any part(s) thereof may be assigned or transferred to any party who is not a connected person (as defined in the Listing Rules) of the Company. Any assignment or transfer of the Convertible Bonds shall be in respect of the whole or any part(s) of the outstanding principal amount of the Convertible Bonds, provided that the principal amount of the Convertible Bonds to be assigned or transferred shall not be less than HK\$3,000,000 on each transfer or assignment
- Redemption: The Company shall repay the outstanding principal amount of the Convertible Bonds on the maturity date of the Convertible Bonds
- Conversion: the Bondholder has the right to convert, in amounts of not less than HK\$3,000,000, on any Business Day from the date of issue of the Convertible Bonds but prior to the maturity date, the whole or any part(s) of the outstanding principal amount of the Convertible Bonds
- Voting: the Bondholder shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being the Bondholders
- Limitation on conversion: The Bondholder shall not be entitled to exercise the conversion rights unless in compliance with all the following conditions:
- (i) No conversion rights may be exercised by the Bondholder unless prior written confirmation has been given by the Bondholder to the Company that all the Shares (including the Conversion Shares issued or to be issued) held by the Bondholder, its associates (as defined under the Listing Rules) and persons acting in concert (as defined under the Codes on Takeovers and Mergers and Share Repurchases (“Code”)) on the conversion date will not become obliged to make a mandatory offer in accordance with Rule 26 of the Code; and



- (ii) No conversion rights may be exercised by the Bondholder unless immediately after exercise of such Conversion Rights, the Company will be able to comply with the public float requirements under the Listing Rules

Adjustment: The Conversion Price will be subject to adjustments (customarily for share consolidation, share subdivision and other adjustment events relating to the issue of securities)

Events of default: The Convertible Bonds contains customary events of default provisions. Upon the happening of an event of default, the Bondholder may give notice to the Company declaring the outstanding Convertible Bonds to be immediately due and payable

### **Conversion Shares**

Based on the conversion price of HK\$0.90 per Conversion Share, a maximum number of 33,300,000 Conversion Shares with an aggregate nominal value of HK\$3,330,000 will be issued and allotted upon exercise of the conversion rights attached to the Convertible Bonds in full, which represents: (i) approximately 6.80% of the issued share capital of the Company of 489,765,216 Shares as at the date of the CB Placing Agreement; and (ii) approximately 6.37% of the issued share capital of the Company of 523,065,216 Shares as enlarged by the issue and allotment of the Conversion Shares.

The Conversion Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 5 December 2008 subject to the limit up to 20% of the then issued share capital of the Company as at the date of the annual general meeting. Under the General Mandate, the Company is authorized to issue up to 97,953,043 Shares. As at the date of this announcement, no Share has been issued under the General Mandate. The Placing of Convertible Bonds is not subject to Shareholders' approval. The Placing Shares and the Conversion Shares altogether will utilize 76,200,000 Shares under the General Mandate.

### **Ranking of the Conversion Shares**

The Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Bonds will rank *pari passu* in all respects among themselves and with the Shares in issue at the date of allotment and issue of the Conversion Shares.

### **Conversion Price**

The Conversion Price of HK\$0.90 represents:

- (i) a premium of approximately 9.76% to the closing price of HK\$0.82 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a premium of approximately 11.66% to the average of the closing price of approximately HK\$0.806 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 14.36% to the average of the closing price of approximately HK\$0.787 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Conversion Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Placing of Convertible Bonds are on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

### **Conditions of the Placing of Convertible Bonds**

Completion of the Placing of Convertible Bonds is conditional upon:

- (i) the Stock Exchange granting or agreeing to grant listing of and permission to deal in the Conversion Shares issuable on conversion of the Convertible Bonds or the relevant parts thereof (subject to conditions to which neither the Placing Agent nor the Company may reasonably object);
- (ii) (if so required by the laws of Cayman Islands) the approval of the Cayman Islands Monetary Authority for the issue of the Convertible Bonds and the Conversion Shares issuable on conversion of the Convertible Bonds shall have been obtained; and
- (iii) the Placing Agent successfully procure Subscribers to subscribe for the Convertible Bonds on or before 5:00 p.m. on 3 September 2009 (or such later time and date as the Placing Agent and the Company shall agree in writing).

If any of the conditions above is not satisfied on or before 5:00 p.m. on 3 September 2009 (or such later time and date as the Placing Agent and the Company shall agree in writing), the CB Placing Agreement shall terminate and neither the Company nor the Placing Agent shall have any claim against the other for any costs or losses (save for any prior breaches of the CB Placing Agreement).

### **Termination**

Notwithstanding anything contained in the CB Placing Agreement, if, at any time prior to 10:00 a.m. on the Completion Date, in the reasonable opinion of the Placing Agent, the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (i) any material breach of any of the representations and warranties set out in the CB Placing Agreement; or

- (ii) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of the announcement relating to the CB Placing Agreement; or
- (iii) any of the following events:
  - (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which would, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Convertible Bonds by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the placing of Convertible Bonds; or
  - (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) which would materially and adversely affect the success of the placing of the Convertible Bonds (such success being the placing of the Convertible Bonds to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the placing of the Convertible Bonds,

then and in any such case, the Placing Agent may terminate the CB Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 10:00 a.m. on the Completion Date and provided further that such termination shall not affect any partial completion of the Convertible Bonds that have taken place prior to such date of termination.

In the event that the Placing Agent terminate the CB Placing Agreement pursuant to the termination clause, all obligations of each of the Company and the Placing Agent under the CB Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the CB Placing Agreement except for any breach arising prior to such termination.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

## **Completion of the Placing of Convertible Bonds**

Completion of the Placing of Convertible Bonds will take place on a date falling within four business days after the fulfillment of the conditions as set out in the CB Placing Agreement.

### **Application for listing**

No application will be made for the listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

**As the Placing of Convertible Bonds may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **REASONS FOR THE PLACING OF CONVERTIBLE BONDS AND USE OF PROCEEDS**

The maximum gross proceeds from the Placing of Convertible Bonds is HK\$29.97 million. The maximum net proceeds from the Placing of Convertible Bonds (after deducting the placing commission) is approximately HK\$29.82 million which is intended to be used for general working capital of the Group. The net price raised per Conversion Share upon completion of the Placing of Convertible Bonds will be approximately HK\$0.90 per Share.

The recent market sentiment represents a good timing for raising equity capital for the Company. The Placing of Convertible Bonds represents an opportunity to raise additional capital for the Company to strengthen the capital base and to explore potential business in the future with readily available funds. The Directors consider that the Placing of Convertible Bonds is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any fund raising activity in the past twelve months before the date of this announcement.

## EFFECTS ON SHAREHOLDING STRUCTURE

The existing and enlarged shareholding structure of the Company as at the date of this announcement and immediately after completion of Placing of New Shares, and immediately after completion of Placing of New Shares and full conversion of the Convertible Bonds (assuming there are no other changes in the issued share capital of the Company) are set out below:

Shareholders	As at the date of this announcement		Immediately after completion of Placing of New Shares		Immediately after completion of Placing of New Shares and full conversion of Convertible Bonds	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Wu Shaoning ( <i>Note</i> )	186,200,000	38.02	186,200,000	34.96	186,200,000	32.90
Public Shareholders:						
The Placees	–	–	42,900,000	8.05	42,900,000	7.58
The Subscribers	–	–	–	–	33,300,000	5.88
Others	303,565,216	61.98	303,565,216	56.99	303,565,216	53.64
<b>Total</b>	<b><u>489,765,216</u></b>	<b><u>100.00</u></b>	<b><u>532,665,216</u></b>	<b><u>100.00</u></b>	<b><u>565,965,216</u></b>	<b><u>100.00</u></b>

*Note:* Mr. Wu Shaoning, the chairman and an executive director of the Company, is the beneficial owner of 186,200,000 Shares. He is also the beneficial owner of 58,800,000 unlisted warrants issued by the Company on 7 September 2007.

As at the date of this announcement, the existing authorized share capital of the Company consists of 3,000,000,000 Shares out of which 489,765,216 Shares are issued and fully paid up.

As at the date of this announcement, the Company has 800,000 outstanding share options and 84,000,000 outstanding unlisted warrants.

## GENERAL

The Company, incorporated in the Cayman Islands with limited liability, is an investment holding company and its issued Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in agricultural resources operation and trading of non-agricultural resources products. Agricultural resources operation includes manufacturing and selling, purchase and distribution of agricultural resources products, as well as the provision of plant protection and consulting services for the related products.

**Completion of each of the Placing of New Shares and the Placing of Convertible Bonds is not dependent upon the completions of each of the other.**

## RESUMPTION OF TRADING

At the request of the Company, dealings in the Shares on the Stock Exchange were suspended with effect from 9:30 a.m. on 5 June 2009 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 with effect from 9:30 a.m. on 8 June 2009.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Board”	the board of Directors;
“Bondholder”	the person or entity who is for the time being the registered holder of the Convertible Bonds;
“Business Day”	any day (excluding a Saturday) on which banks generally are open for business in Hong Kong;
“CB Placing Agreement”	the conditional placing agreement dated 4 June 2009 entered into between the Company and the Placing Agent in relation to the Placing of Convertible Bonds;
“Closing Date”	means five Business Days after the fulfillment of the conditions under the Share Placing Agreement (or such other date as the Company and the Placing Agent shall agree);
“Company”	China Agrotech Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange;
“Completion Date”	the date falling within the fourth Business Day after the fulfillment of the conditions under the CB Placing Agreement (or such other date as the Company and the Placing Agent shall agree);
“connected person(s)”	has the meaning given to that term in the Listing Rules;
“Conversion Price”	the conversion price, subject to adjustment, of the Convertible Bonds is initially HK\$0.90 per Share;
“Conversion Shares”	the Shares to be issued upon the exercise of the conversion rights under the Convertible Bonds, namely, a maximum of 33,300,000 Shares in aggregate, to be issued upon exercise of the conversion rights attached to the Convertible Bonds at the initial conversion price in full (subject to adjustment);

“Convertible Bonds”	the non-listed convertible bonds up to a maximum principal amount of HK\$29,970,000 issued by the Company under the Placing of Convertible Bonds;
“Directors”	directors of the Company;
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 5 December 2008, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Last Trading Day”	4 June 2009, being the last trading day of the Shares before the date of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placee(s)”	any individual(s), institutional or other professional investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Share Placing Agreement;
“Placing Agent”	Excalibur Securities Limited, a licensed corporation carrying on Type 1 regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Placing of Convertible Bonds”	the placing of the Convertible Bonds by or on behalf of the Placing Agent to the Subscribers pursuant to the CB Placing Agreement;
“Placing of New Shares”	the placing of the Placing Shares by or on behalf of the Placing Agent to the Placees pursuant to the Share Placing Agreement;
“Placing Price”	HK\$0.70 per Placing Share;
“Placing Shares”	up to an aggregate of 42,900,000 new Shares to be allotted and issued under the Placing of New Shares;



“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Shares Placing Agreement”	the conditional placing agreement dated 4 June 2009 entered into between the Company and the Placing Agent in relation to the Placing of New Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber(s)”	any institutional, corporate or independent individual investor(s) procured by the Placing Agent to subscribe for any principal amount of the Convertible Bonds pursuant to the Placing Agent’s obligations under the CB Placing Agreement; and
“%”	per cent.

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

Hong Kong, 5 June 2009

*The Board as of the date of this announcement comprises Mr. Wu Shaoning and Mr. Yang Zhuoya as the executive directors of the Company and Mr. Lam Ming Yung, Mr. Zhang Shaosheng and Mr. Wong Chi Wai as the independent non-executive directors of the Company.*