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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)

PROPOSED ISSUE OF RMB70 MILLION ZERO COUPON UNSECURED CONVERTIBLE BONDS AND PROPOSED ISSUE OF UNLISTED WARRANTS

Financial adviser to the Company



高銀融資有限公司

GOLDIN FINANCIAL LIMITED

ISSUE OF CONVERTIBLE BONDS

On 26 November 2010 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into 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).

Completion of the CB Subscription Agreement is subject to the fulfillment of the conditions precedent to the CB Subscription Agreement, details of which are set out in the paragraph headed “Conditions precedent to the CB Subscription Agreement” below.

ISSUE OF WARRANTS

On the even date (after trading hours of the Stock Exchange), the Company and the Subscriber entered into 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 purposes only

Completion of the Warrant Subscription Agreement is subject to the fulfillment of the conditions precedent to the Warrant Subscription Agreement, details of which are set out in the paragraph headed “Conditions precedent to the Warrant Subscription Agreement” below.

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

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 the 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.

The EGM will be held to consider and, if thought fit, to approve the CB Subscription Agreement, the Warrant Subscription Agreement and the transactions contemplated thereunder and the specific mandate for the issue of the Conversion Shares and the Warrant Subscription Shares. To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, no Shareholder has material interest in the issue of Convertible Bonds and/or the issue of the Warrants and therefore, no Shareholder is required to abstain from voting at the EGM.

A circular containing, among other things, further details of the CB Subscription Agreement, the Warrant Subscription Agreement, a notice to convene the EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 9 December 2010 in accordance with the Listing Rules.

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.

The Subscriber, Concept Capital Management Ltd., is a company incorporated in the Marshall Islands with limited liability and is 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.

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)
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.
- (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	<p>The Convertible Bonds constitute general, unsecured and unsubordinated obligations of the Company, and will rank <i>pari passu</i> with other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.</p> <p>The Conversion Shares will rank <i>pari passu</i> in all respects with all other Shares in issue.</p>
Transferability	<p>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 may not be assigned or transferred to a connected person of the Company without the prior written consent of the Company. Any assignment or transfer of the Convertible Bonds shall be made in multiples of RMB2,500,000.</p>
Conversion Price adjustments and resets	<p>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.</p> <p>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).</p>
Voting	<p>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.</p>

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 this announcement;
- (ii) a premium of approximately 27.23% over the average closing price of approximately HK\$0.786 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the date of this announcement; and
- (iii) a premium of approximately 29.53% over the average closing price of approximately HK\$0.772 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the date of this announcement.

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 date of this announcement 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.

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\$121,798,827 based on the closing price of the Shares of HK\$0.78 as quoted on the Stock Exchange on the date of this announcement.

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.

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).

THE WARRANT 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 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.
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 may not be assigned or transferred to a connected person of the Company without the prior written consent of the Company. 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 this announcement;
- (ii) a premium of approximately 52.67% over the average closing price of approximately HK\$0.786 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the date of this announcement; and
- (iii) a premium of approximately 55.44% over the average closing price of approximately HK\$0.772 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the date of this announcement.

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 date of this announcement 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\$46,800,000 based on the closing price of the Shares of HK\$0.78 as quoted on the Stock Exchange on the date of this announcement.

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;
- (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).

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 date of this announcement; (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 this announcement		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 Convertible Bonds 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
<i>Subtotal</i>	-	-	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

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.

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 Convertible 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.

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 this announcement.

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

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.

EGM

The EGM will be held to consider and, if thought fit, to approve the CB Subscription Agreement, the Warrant Subscription Agreement and the transactions contemplated thereunder and the specific mandate for the issue of the Conversion Shares and the Warrant Subscription Shares. To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, no Shareholder has material interest in the issue of Convertible Bonds and/or the issue of the Warrants and therefore, no Shareholder is required to abstain from voting at the EGM.

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.

A circular containing, among other things, further details of the CB Subscription Agreement, the Warrant Subscription Agreement, a notice to convene the EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 9 December 2010 in accordance with the Listing Rules.

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 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.

DEFINITIONS

“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
“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 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
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“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 redeem the Convertible Bonds
“Share(s)”	ordinary shares of HK\$0.1 each in the share capital of the Company
“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
“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(s) 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.

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

Hong Kong, 26 November 2010

For the purpose of this announcement, 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.

The Board as of the date of this announcement comprises Mr. Wu Shaoning and Mr. Yang Zhuoya, who are the executive Directors, and Mr. Lam Ming Yung, Mr. Zhang Shaosheng and Mr. Wong Kin Tak, who are the independent non-executive Directors.