

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.



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 UNLISTED WARRANTS

ISSUE OF WARRANTS

On 27 January 2014 (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 ten (10) Warrants at the Warrant Issue Price of HK\$0.01 per subscription right for one (1) Warrant Subscription Share attached to the Warrant, each with rights to subscribe for 5,000,000 Warrant Subscription Shares at the initial subscription price of HK\$0.45 per Warrant Subscription Share.

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 Warrants of approximately HK\$400,000 will be utilized as the general working capital of the Group.

GENERAL

The Warrant Subscription Shares will be allotted and issued under the General Mandate. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Warrant Subscription Shares.

* For identification purposes only

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 Warrants on the Stock Exchange or any other stock exchange.

On 27 January 2014 (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 ten (10) Warrants at the Warrant Issue Price of HK\$0.01 per subscription right for one (1) Warrant Subscription Share attached to the Warrant, each with rights to subscribe for 5,000,000 Warrant Subscription Shares at the initial subscription price of HK\$0.45 per Warrant Subscription Share.

The Subscriber, Goldin Special Situations Limited, is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investments in the capital markets.

To the best knowledge, information and belief of the Directors, and having made all reasonable enquires, the Subscriber and its ultimate beneficial owner(s) are independent third parties not connected with the Company or any of its connected persons.

THE WARRANT SUBSCRIPTION AGREEMENT

Date

27 January 2014 (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	Ten (10)
Warrant Issue Price	HK\$0.01 per subscription right for one (1) Warrant Subscription Share attached to the Warrant
Warrant Exercise Price	HK\$0.45 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, if such day is not a Business Day, the first Business Day thereafter, 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 subscription 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	<p>The Warrant Subscription Shares will rank <i>pari passu</i> in all respects with all other Shares in issue.</p>
Transferability	<p>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.</p>
Warrant Exercise Price adjustment	<p>The Warrant Exercise 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 of the Shares 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>
Voting	<p>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.</p>

Redemption Subject to the written consent with all the Warrant Holder(s), the Company may redeem all or part of the outstanding and unexercised Warrants at such price to be agreed between the Company and the Warrant Holder(s). The Company will make further announcement as and when appropriate if any redemption of the Warrants takes place.

Comparison of Warrant Exercise Price

The Warrant Exercise Price, being initially at HK\$0.45 per Warrant Subscription Share, represents:

- (i) a premium of approximately 28.57% over the closing price of HK\$0.35 per Share as quoted on the Stock Exchange on the date of this announcement;
- (ii) a premium of approximately 24.65% over the average closing price of approximately HK\$0.361 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 22.28% over the average closing price of approximately HK\$0.368 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 5,000,000. Each Warrant shall be exercisable in denomination of HK\$ and integral amounts of 5,000,000 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 50,000,000 Warrant Subscription Shares will be allotted and issued upon full exercise of the Warrants, representing approximately 4.99% of the issued share capital of the Company of 1,001,765,216 Shares as at the date of this announcement and approximately 4.75% of the issued share capital of the Company of 1,051,765,216 Shares as enlarged by the issue of the Warrant Subscription Shares.

The Warrant Subscription Shares will have a nominal value of HK\$5,000,000 and a market value of HK\$17,500,000 based on the closing price of the Shares of HK\$0.35 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; and
- (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.

If any of the aforesaid conditions is not satisfied on or before 5:00 p.m. of 28 April 2014 (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).

Mandate to issue the Warrant Subscription Shares

The issue of the Warrants is not subject to the Shareholders' approval.

The General Mandate was granted to the Directors at the annual general meeting of the Company held on 6 December 2013, subject to the limit up to 198,753,043 Shares (representing 20% of the aggregate nominal amount of the share capital of the Company in issue on that date).

The General Mandate has not been utilized prior to the date of this announcement.

The Warrant Subscription Shares will be allotted and issued under the General Mandate. The 50,000,000 Warrant Subscription Shares to be allotted and issued will utilize approximately 25.16% of the General Mandate.

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 warrants of the Company will be converted or exercised, the shareholding structures of the Company (i) as at the date of this announcement; and (ii) upon the full exercise of the Warrants, are as follows:

Name of Shareholder	As at the date of this announcement		Immediately upon full exercise of the Warrants	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Mr. Wu Shaoning (<i>Note 1</i>)	231,834,000	23.14	231,834,000	22.04
The Warrant Holder(s)	—	—	50,000,000	4.75
Other public Shareholders	<u>769,931,216</u>	<u>76.86</u>	<u>769,931,216</u>	<u>73.21</u>
Total	<u>1,001,765,216</u>	<u>100.00</u>	<u>1,051,765,216</u>	<u>100.00</u>

Note:

(1) Mr. Wu Shaoning is an executive Director and the Chairman of the Company.

REASONS FOR ENTERING INTO THE WARRANT SUBSCRIPTION AGREEMENT AND USE OF PROCEEDS

The Directors consider the issue of the Warrants represents an opportunity to raise additional fund for the Company while broadening the Shareholder and capital base of the Company. The Directors consider that the Warrant Subscription Agreement are entered into after arm's length negotiations between the Company and the Subscriber and that the terms of 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 Warrants of approximately HK\$400,000, after deduction of related expenses of approximately HK\$100,000 for the issue of the Warrants, will be utilized as the general working capital of the Group.

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\$0.46.

Assuming the full exercise of the Warrants, it is expected that further funds of approximately HK\$22,500,000 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

The Company has not carried out any capital raising activity during the 12 months immediately before the date of this announcement.

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 pesticides and fertilizers; provision of plant protection technical services; and planting and sales of landscaping seedlings.

GENERAL

The Warrant Subscription Shares will be allotted and issued under the General Mandate. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Warrant Subscription Shares.

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 Warrants on the Stock Exchange or any other stock exchange.

Shareholders and potential investors should note that completion of the Warrant Subscription Agreement is subject to the fulfillment of the conditions precedent set out in the Warrant Subscription Agreement. As 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
“Business Day(s)”	a day (other than a Saturday) on which banks in Hong Kong are open for business
“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
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 6 December 2013, pursuant to which a maximum of 198,753,043 new Shares might fall to be allotted and issued as at 6 December 2013
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“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”	Goldin Special Situations Limited, a company incorporated in the British Virgin 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
“Warrant(s)”	ten (10) 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\$0.45 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\$0.01 per subscription right for one (1) Warrant Subscription Share attached to the Warrant

“Warrant Subscription Agreement”	the subscription agreement dated 27 January 2014 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
“%”	per cent.

order of the Board
China Agrotech Holdings Limited
Wu Shaoning
Chairman

Hong Kong, 27 January 2014

The Board as of the date of this announcement comprises Mr. Wu Shaoning and Ms. Chen Xiao Fang, who are the executive Directors, and Mr. Zhang Shaosheng, Mr. Wong Kin Tak and Mr. Li Yik Sang, who are the independent non-executive Directors.