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## **CHINA AGROTECH HOLDINGS LIMITED**

**浩倫農業科技集團有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01073)**

### **INSIDE INFORMATION**

#### **UPDATE OF OPERATION OF JIANGXI SUBSIDIARIES**

China Agrotech Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) makes this announcement pursuant to Rule 13.09 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

#### **Update of Operation of Jiangxi Subsidiaries**

Reference is made to the Company’s announcement dated 25 September 2014 (the “Delay Results Announcement”). Unless otherwise specified, terms used herein shall have the same meanings as those defined in the Delay Results Announcements.

On 16 October 2014, the PRC headquarter management of the Group reported to the Company that, after its investigation and understanding with the local management of the two Jiangxi Subsidiaries, which represented the Group’s fertilizer manufacturing business in Jiangxi Province, the Jiangxi Subsidiaries were unable to immediately repay certain loans in the sum of approximately Rmb6 million borrowed from the local management who demanded Jiangxi Subsidiaries for repayment as soon as possible since the scaling down of operation and the occurrence of tight working capital situation of the Jiangxi Subsidiaries in the second quarter of 2014.

Despite the above situation, the Group is unable to commit to the immediate repayment to the local management of the Jiangxi Subsidiaries as the Group is also currently subject to tight working capital situation. Currently, the production activities of the Jiangxi Subsidiaries have been ceased and the local management is reluctant to cooperate with the Company to prepare the audit materials in respect of the 2014 Annual Results.

Moreover, as the local government of Jiangxi Province informed the Jiangxi Subsidiaries that the leased land on which the factory premises were built was subject to government land resumption for restructuring plan in the near future, and therefore, the factory premises were subject to demolition upon receiving formal notice from the local government. According to the recent understanding with the local government, the amount of land resumption compensation for the factory premises as indicated in mid-2014 is approximately Rmb20

million, which is substantially reduced as compared to a previous indicated compensation amount of approximately Rmb30 million in mid-2013, and yet, there is no firm and formal commitment from the local government as to the amount and tentative time of payment of the compensation. The aggregate carrying value of the factory premises and tailor-made machinery and equipment (the "Factory Assets") amounted to approximately Rmb38 million and represented approximately 2.5% of the Group's consolidated net assets value as at 31 December 2013. Assuming the compensation amount were materialized at Rmb20 million when the local government issues the formal demolition and compensation notice, the Company expects the impairment amount of the Factory Assets would be approximately Rmb18 million.

Based on the latest available financial information, the Jiangxi Subsidiaries recorded a net assets value of approximately Rmb19 million (after adjustment for the estimated amount of impairment of the Factory Assets of approximately Rmb18 million) and net current liabilities of approximately Rmb1.6 million as at 31 December 2013.

### **Continued Suspension in Trading of the Shares**

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

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

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

Hong Kong, 17 October 2014

*The Board as of the date of this announcement comprises Mr. Wu Shaoning and Ms. Chen Xiao Fang, who are the executive Directors of the Company, and Mr. Wong Kin Tak, Mr. Zhang Shaosheng and Mr. Cheung Ka Yue, who are the independent non-executive Directors of the Company.*

*\* For identification purpose only*