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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)

SUBSCRIPTION OF NON-LISTED WARRANTS

SUBSCRIPTION OF NON-LISTED WARRANTS

The Directors are pleased to announce that on 17 November 2011 (after the trading hours of the Stock Exchange), the Company as issuer had entered into the conditional Warrant Subscription Agreement with the Subscriber and the Guarantor in relation to the Subscription of 100,000,000 Warrants by the Subscriber, at the Warrant Issue Price of HK\$0.01.

The Warrants entitle the Subscriber to subscribe for in aggregate 100,000,000 New Shares at the Subscription Price of HK\$0.4 per New Share for a period of 18-month commencing from the date of issue of the Warrants. Each Warrant carries the right to subscribe for one New Share.

Completion is subject to the fulfillment of the conditions stated in the section headed “Conditions of the Subscription” in this announcement.

It is intended that the net proceeds from the Subscription of approximately HK\$900,000 will be applied as general working capital of the Group.

The New Shares will be issued under the General Mandate.

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

* for identification purpose only

THE WARRANT SUBSCRIPTION AGREEMENT

Date: 17 November 2011

Parties: (i) the Company;
(ii) the Subscriber; and
(iii) the Guarantor

The Subscriber

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Subscriber is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. Its entire issued share capital is wholly and beneficially owned as to 50% by the Guarantor and as to 50% by Lee Wang Hin. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Subscriber and all its ultimate beneficial owners are Independent Third Parties.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, none of the Subscriber and its ultimate beneficial owners holds any Shares or underlying shares of the Company prior to the entering into of the Warrant Subscription Agreement.

If the Subscriber exercises the subscription right attached to the Warrants in full, the Subscriber will become a substantial Shareholder.

Number of Warrants

Pursuant to the Warrant Subscription Agreement, the Subscriber have agreed to subscribe for and the Company has agreed to issue a total of 100,000,000 Warrants.

Warrant Issue Price

The Warrant Issue Price is HK\$0.01 per Warrant. Taking into account, among other fees, legal fees, printing expenses and the fees for the application of listing of the New Shares, the net Warrant Issue Price is approximately HK\$0.009 per Warrant. It is intended that the net proceeds from the Subscription of approximately HK\$900,000 will be applied as general working capital of the Group.

Subscription Price

The Subscription Price is HK\$0.4 per New Share, which is subject to adjustment based on the prescribed formulae as set out in the instrument creating the Warrants for the happening of the following events:

(i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;

- (ii) an issue (other than pursuant to a scrip dividend scheme in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution in cash or in specie other than out of distributable profits of the Company being made by the Company, whether on a reduction of capital or otherwise, to Shareholders (in their capacity as such);
- (iv) a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries; and
- (v) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe for new Shares, at a price which is less than 80 per cent. of the average market price of one Share for the ten consecutive dealings days ending on such last dealing day immediately preceding the day on which the market price is to be ascertained being made by the Company to the Shareholders (in their capacity as such).

Every adjustment to the Subscription Price shall be certified either (at the option of the Company) by the auditors of the Company or by an independent financial adviser.

It is intended that the net proceeds from the exercise of Warrants of approximately HK\$39,900,000 will be applied as funds for future investment should opportunities arise, and the remaining will be applied as general working capital of the Group. There is no specific investment plans or targets being identified by the Company as at the date of this announcement.

The Subscription Price represents (i) a premium of approximately 9.59% to the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on 17 November 2011, being the date of entering into the Warrant Subscription Agreement; (ii) a premium of approximately 8.40% to the average closing price of HK\$0.369 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to 17 November 2011; (iii) a premium of approximately 27.19% to the average closing price of HK\$0.3145 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to 17 November 2011.

The aggregate of the Warrant Issue Price and the Subscription Price represents (i) a premium of approximately 12.33% to the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on 17 November 2011, being the date of entering into the Warrant Subscription Agreement; (ii) a premium of approximately 11.11% to the average closing price of HK\$0.369 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to 17 November 2011; and (iii) a premium of approximately 30.37% to the average closing price of HK\$0.3145 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to 17 November 2011.

Having considered (i) there is a premium of the aggregate of the Warrant Issue Price and Subscription Price over the average closing price per Share as quoted on the Stock Exchange for the last five trading days immediately prior to 17 November 2011; (ii) there is a premium of the aggregate of the Warrant Issue Price and Subscription Price over the average closing price per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to 17 November 2011; and (iii) the value of the Warrants the Subscriber is subscribing, the Board considers that both the Subscription Price and the aggregate of it

with the Warrant Issue Price are fair and reasonable, which were determined after arm's length negotiations among the Company and the Subscriber, and are in the interests of the Company and the Shareholders as a whole.

Transferability

The Warrants are transferable only to third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company, in integral multiples of 10,000,000 Warrants (or if at the time of transfer, the outstanding number of Warrants are less than 10,000,000 Warrants, the whole but not part of the outstanding Warrants). Apart from the aforesaid, there are no restrictions on the transfer of the Warrants from the Subscriber to other parties, and no consent from the Company is required before such transfer is to take place.

Completion Date

Completion will take place within three Business Days after the fulfillment of the conditions referred to in the section headed "Conditions of the Subscription" below. HK\$1,000,000, being the aggregate Warrant Issue Price for 100,000,000 Warrants, shall be payable by the Subscriber at Completion. The Subscription Price shall be payable by holder(s) of Warrants upon the exercise of the subscription rights attaching to the Warrants.

Information of the Warrants

The Warrants will be issued to the Subscriber upon Completion in registered form and constituted by a deed poll. The Warrants will rank *pari passu* in all respects among themselves.

Each Warrant carries the right to subscribe for one New Share at the Subscription Price and is issued at the Warrant Issue Price.

The subscription rights attaching to the Warrants may be exercised at any time during a period of 18 months commencing from the date of issue of the Warrants at integral multiples of 10,000,000 Warrants. Where the number of the outstanding Warrants is less than 10,000,000 Warrants, the Subscriber shall have the right to exercise the whole but not in part of the outstanding number of Warrants to subscribe for the New Shares in cash at the Subscription Price per New Share. The New Shares, when fully paid and allotted, will rank *pari passu* in all respects with the issued Shares in issue as of the date of allotment and issue of such New Shares. The integral multiples of 10,000,000 Warrants for the transfer of and exercise of the subscription rights under the Warrants was arrived at by the parties to the Warrant Subscription Agreement after taking into consideration of the costs and expenses for transferring or exercising the subscription rights under the Warrants.

Any subscription rights attaching to the Warrants which have not been exercised upon the expiration of the 18-month subscription period shall lapse.

100,000,000 Warrants are proposed to be issued. Upon full exercise of the subscription rights attaching to the Warrants, 100,000,000 New Shares (in aggregate nominal value of HK\$10,000,000) will be issued, representing (i) approximately 12.38% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 11.02%

of the issued share capital of the Company as enlarged by the New Shares which may fall to be allotted and issued upon the full exercise of the subscription rights attaching to the Warrants. Based on the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on 17 November 2011, being the Last Trading Day, the market value of the New Shares is HK\$36.5 million.

Apart from the restriction on Warrant transfer as set out under the heading “Transferability” above, subject to the relevant provisions under the Listing Rules, there are no other prohibitions on the Company to issue further securities nor are there any limitation on the Subscriber to transfer the New Shares in the Warrant Subscription Agreement.

Conditions of the Subscription

Completion shall be subject to and conditional upon, among other things, the following:

- (1) (if required) the Listing Committee of the Stock Exchange 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
- (2) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the New Shares.

If the conditions of the Warrant Subscription Agreement are not fulfilled on or before 5:00 p.m. on or before 2 December 2011 (or such later date as may be agreed between the Company and the Subscriber), the Warrant Subscription Agreement will terminate and cease to have any effect and none of the parties shall have any claim against the other save for any antecedent breaches of the provisions thereof.

Voting rights of the Warrants

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

Mandate to issue the New Shares

The Subscription 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 29 December 2010, subject to the limit up to 134,553,043 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 utilised prior to the date of this announcement.

The New Shares will be allotted and issued under the General Mandate. The 100,000,000 New Shares to be allotted and issued will utilise approximately 74.32% of the General Mandate.

In the event that following any adjustments of the Subscription Price made in accordance with the terms and conditions of the Warrants, the number of the new Shares (the “**Excess New Shares**”) which may fall to be allotted and issued pursuant to the exercise of the subscription rights attaching to the Warrants will exceed the authorization under the General Mandate, the Company shall (i) convene and hold as soon as reasonably practicable and in any event, within 30 days from the date of the notification to the holders of the Warrants of such adjustment of the Subscription Price (the “**Approval Period**”) an extraordinary general meeting (the “**EGM**”) of the Shareholders to approve the grant of a specific mandate (the “**Specific Mandate**”) to the Directors to allot and issue the Excess New Shares; (ii) apply to the Stock Exchange for the approval of the listing of and permission to deal in, the Excess New Shares as soon as reasonably practicable and in any event within three days from the date of the notice of the EGM; and (iii) procure that the listing of and permission to deal in, the Excess New Shares be granted by the Stock Exchange within the Approval Period. In the event that the last date of the Approval Period shall fall on a date beyond the 18-month subscription period, the subscription period shall be extended by the corresponding number of days by which such last date of the Approval Period shall fall beyond the subscription period.

Application for listing

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

REASONS FOR THE SUBSCRIPTION

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 nursing, planting and sales of landscaping seedlings.

The Board considers that the Subscription represents an opportunity to raise additional funds for the Company while broadening the Shareholder and capital base of the Company. The net proceeds from the Subscription, after the deduction of the related expenses, are estimated to be approximately HK\$900,000, representing a net issue price of approximately HK\$0.009 per Warrant. The net proceeds will be applied by the Company as the general working capital of the Group.

SUMMARY OF FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The following table summarises the capital raising activities of the Group for the twelve months immediately before the date of this announcement:

Date of initial announcement	Description	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
26 November 2010	Subscription of convertible bonds	HK\$76,080,000	financing possible future investments and general working capital	Fully utilised as general working capital
26 November 2010	Subscription of warrants	HK\$1,800,000	general working capital	Fully utilised as general working capital

EFFECT ON THE SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 807,765,216 Shares in issue (*note 1*). The shareholding structure of the Company before and after the full exercise of the subscription rights attaching to the Warrants are as follows:

	As at the date of this announcement and immediate before Completion		Immediate upon Completion and assuming the subscription rights attaching to the Warrants are exercised in full (<i>note 3</i>)		Immediate upon Completion and assuming the subscription rights attaching to the Warrants are exercised in full and other existing equity derivatives are converted or exercised in full (<i>note 4</i>)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Wu Shaoning (“Mr. Wu”) (<i>note 2</i>)	223,200,000	27.63	223,200,000	24.59	479,200,000	26.60
2015 CB holders (save and except Mr. Wu)	—	—	—	—	407,000,000	22.59
2016 CB holders	—	—	—	—	122,306,229	6.79
2016 Warrant holders	—	—	—	—	60,000,000	3.33
The Subscriber	—	—	100,000,000	11.02	100,000,000	5.55
Option holders	—	—	—	—	48,670,000	2.70
Other public Shareholders	584,565,216	72.37	584,565,216	64.39	584,565,216	32.44
	<u>807,765,216</u>	<u>100.00</u>	<u>907,765,216</u>	<u>100.00</u>	<u>1,801,741,445</u>	<u>100.00</u>

Notes:

- (1) As at the date of this announcement, the Company has
 - (i) the convertible bonds due in 2015 (“**2015 CB**”), of outstanding principal amount of HK\$663,000,000, convertible into 663,000,000 Shares at HK\$1.00 per Share;
 - (ii) the convertible bonds due in 2016 (“**2016 CB**”), of outstanding principal amount of RMB70,000,000 (equivalent to HK\$81,680,280 at the fixed exchange rate of HK\$1.00 = RMB0.857 in case of conversion) together with interest accrued thereon in the sum of RMB3,371,507 (equivalent to HK\$3,934,080 at the fixed exchange rate of HK\$1.00 = RMB0.857 in case of conversion) which are, in aggregate, convertible into 122,306,229 Shares at HK\$0.70 per Share;
 - (iii) the 60,000,000 unlisted warrants (“**2016 Warrants**”) which entitle the holder of 2016 Warrants to subscribe for 60,000,000 new Shares at the initial subscription price of HK\$1.20 per Share upon full exercise of the subscription right attached thereto; and
 - (iv) 48,670,000 share options (the “**Options**”) granted under the share option scheme of the Company adopted on 31 December 2001 which entitle the holders of the Options to subscribe for, in aggregate, 48,670,000 new Shares upon full exercise of the subscription right attached to the Options.

Save for disclosed above, the Company does not have any other outstanding warrants, derivatives or securities convertible into Shares as at the date of this announcement.

- (2) Mr. Wu is an executive Director and the chairman of the Board. Save for being interested in 223,200,000 Shares, Mr. Wu is also interested in the 2015 CB in the principal amount of HK\$ 256,000,000 which are convertible into 256,000,000 new Shares upon exercise the conversion right attached thereto in full.
- (3) The shareholding structure shown in the above table has assumed (i) no conversion of the 2015 CB and the 2016 CB; (ii) no exercise of the subscription right attached to 2016 Warrants; (iii) no exercise of the subscription right attached to the Options; and (iv) no other change in the issued share capital and shareholding structure of the Company from the date of this announcement and upon Completion.
- (4) The shareholding structure shown in the above table has assumed (i) all the 2015 CB and the 2016 CB have been converted; (ii) all the subscription right attached to 2016 Warrants have been exercised; (iii) all the subscription right attached to the Options have been exercised; and (iv) no other change in the issued share capital and shareholding structure of the Company from the date of this announcement and upon Completion.

Shareholders and potential investors should note that completion of the Warrant Subscription Agreement is subject to the fulfillment of the conditions 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

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors
“Business Day”	a day on which the banks are open for business in Hong Kong (other than Saturday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
“Company”	China Agrotech Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Warrant Subscription Agreement
“connected persons”	has the meanings as ascribed thereto under the Listing Rules
“Directors”	the directors 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 29 December 2010, pursuant to which a maximum of 134,553,043 new Shares might fall to be allotted and issued as at 29 December 2010
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Lau Ying Sat, an Independent Third Party, being the ultimate beneficial owner of 50% of the entire issued share capital of the Subscriber
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	independent third parties who are not connected person(s) (as defined in the Listing Rules) of the Company and are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Last Trading Day”	17 November 2011, being the last trading day for the Shares prior to this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Shares”	the new Shares to be allotted and issued upon the exercise of subscription right attached to the Warrants
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.1 each in the capital of the Company
“Shareholders”	holders of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Pratica Limited, a company incorporated in the British Virgin Islands with limited liability
“Subscription”	the Subscription of Warrants under the Warrant Subscription Agreement
“Subscription Price”	an initial Subscription Price of HK\$0.4 per New Share (subject to adjustment) at which holder of the Warrants may subscribe for the New Shares
“Warrant(s)”	100,000,000 non-listed warrants to be issued by the Company at the Warrant Issue Price, each entitles the holder thereof to subscribe for one New Share at the Subscription Price of HK\$0.4 (subject to adjustment) at any time during a period of 18 months commencing from the date of issue of the Warrants
“Warrant Issue Price”	HK\$0.01 per unit of Warrant to be issued pursuant to the Subscription
“Warrant Subscription Agreement”	the conditional subscription agreement dated 17 November 2011 and entered into between the Company, the Subscriber and the Guarantor in relation to the Subscription

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

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

Hong Kong, 17 November 2011

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Wu Shaoning and Mr. Yang Zhuoya, and three independent non-executive Directors, namely, Mr. Lam Ming Yung, Mr. Zhang Shaosheng and Mr. Wong Kin Tak.