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*This announcement, for which the directors of China Agrotech Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to China Agrotech Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: 1. the information contained in this announcement is accurate and complete in all material respects and not misleading; 2. there are no other matters the omission of which would make any statement in this announcement misleading; and 3. all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*



## **CHINA AGROTECH HOLDINGS LIMITED**

**浩倫農業科技集團有限公司\***

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

### **DISCLOSEABLE TRANSACTION INVOLVING ISSUE OF UNLISTED WARRANTS carrying rights to subscribe for Shares**

### **IN CONNECTION WITH A TERM LOAN**

### **ANNOUNCEMENT**

The Board of China Agrotech Holdings Limited has entered into an Agreement dated 2nd November, 2000 and a Supplemental Agreement dated 7th November, 2000 for the grant of a one year term loan of HK\$47,000,000 to the Company by Fleet National Bank as lender. As a condition of the drawdown of the Loan, the Company shall issue Unlisted Warrants entitling the holder(s) thereof to subscribe for new Shares of HK\$0.10 each of the Company at the initial subscription price of HK\$1.38 per Share (subject to adjustment), up to the aggregate amount of HK\$47,000,000 at any time during the period from 7th November, 2000 to 7th November, 2001.

Upon full exercise of the subscription rights attached to all of the Unlisted Warrants. 34,057,970 Shares will fall to be issued, representing approximately 13.62 per cent. of the Company's existing issued share capital as at the date of this announcement, and approximately 11.99 per cent. of its issued share capital as enlarged by the allotment and issue of such Shares assuming full conversion of the Unlisted Warrants.

The Unlisted Warrants and the new Shares to be issued upon the exercise of the subscription rights attached to the Unlisted Warrants will be issued under the general mandate granted to the Board of the Company on 3rd November, 2000.

Based on the audited net tangible assets of the Company as at 30th June, 2000, the issue of the Unlisted Warrants constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules which requires a circular containing details of the above transaction to be despatched to the shareholders of the Company.

## **AGREEMENT DATED 2ND NOVEMBER, 2000 AND SUPPLEMENTAL AGREEMENT DATED 7TH NOVEMBER, 2000**

The purpose of the Loan is to raise capital for the establishment of agricultural resources companies sales network in the Mainland China.

### **Parties:**

Borrower of the Loan and issuer of the Unlisted Warrants: the Company, which is engaged in the manufacture and selling of regulatory-type plant growth regulators in the Mainland China

Lender of the Loan and holder of the Unlisted Warrants: Fleet National Bank, which is a licensed bank under the Banking Ordinance

### **Principal Terms of the Loan**

Principal Amount : HK\$47,000,000

Term: 1 year

Interest rate : 7% per annum

Repayment : the principal amount of the Loan and interest accrued thereon shall be repayable on 2nd November, 2001

Principal events of default : include non-payments of amounts due, non-compliance with the terms and conditions of the Agreement and Supplemental Agreement, material misrepresentation, obligations cross default, bankruptcy and material court judgements

### **Principal Terms of the Unlisted Warrants**

Subscription Rights: the Unlisted Warrants will carry aggregate subscription rights of HK\$47,000,000 in cash for Shares

Ranking: the Unlisted Warrants will rank pari passu in all respects with one another

Form and denomination: the Unlisted Warrants will be issued in registered form and in demonination carrying subscription rights of HK\$4,700,000 each, entitling the holders thereof to subscribe in cash for Shares

Subscription price: the initial subscription price is HK\$1.38 per Share, subject to adjustment as provided in the instrument governing the Unlisted Warrants, and represents a 56.82% premium over the closing price of the Shares of HK\$0.88 each on 2nd November, 2000 and a 60.47% premium over the average closing price of HK\$0.86 each of the past five trading days

The initial subscription price has been agreed between the Company and Fleet National Bank after arms' length negotiations based on prospective earnings and price/earnings ratio of the Company

Exercise period: the subscription rights attaching to the Unlisted Warrants can be exercised at any time during the period from 7th November, 2000 to 7th November, 2001 (both dates inclusive)

Number of Shares issuable: upon the full exercise of the subscription rights attached to the Unlisted Warrants, 34,057,970 Shares will fall to be issued, representing approximately 13.62 per cent. of the existing issued share capital of the Company as at the date of this announcement comprising 250,000,000 Shares, and approximately 11.99 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of such Shares assuming the exercise in full of the Unlisted Warrants

Authority: pursuant to a Board resolution passed on 7th November, 2000, the issue of the Unlisted Warrants and the new Shares to be issued upon the exercise of the subscription rights attached to the Unlisted Warrants will be issued by the Company under the general mandate granted to the Board on 3rd November, 2000.

Transfer: The Unlisted Warrants shall be transferrable by instrument of transfer in such written form as may be approved by the Board and the Company shall maintain a register. There is no restriction on transfer of the Unlisted Warrants to Connected Persons.

### **Ranking of Shares issuable**

The Shares that may fall to be issued upon the exercise of the subscription rights attached to the Unlisted Warrants will rank *pari passu* in all respects with the existing issued Shares save for any rights or entitlement to dividends or other rights or distributions the record date for which precedes the date on which the subscription rights attached to the Unlisted Warrants are exercised in accordance with the terms of the Unlisted Warrants.

### **Undertakings by the directors, chief executives, controlling shareholders, substantial shareholders and management shareholders**

The directors, chief executives, controlling shareholders, substantial shareholders and management shareholders have undertaken that they will disclose promptly to the Company and the Stock Exchange any dealings by them or any of their associates in the Unlisted Warrants and will also comply with the Securities (Disclosure of Interest) Ordinance.

## **Application for listing**

The Company will not apply for the listing of the Unlisted Warrants and no prospectus will be issued in respect of the Unlisted Warrants. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued upon the exercise of the subscription rights attached to the Unlisted Warrants.

## **Use of proceeds**

If all the subscription rights attaching to the Unlisted Warrants are exercised, the Company will receive HK\$47,000,000 (before expenses). Such proceeds are intended to be used by the Company to finance the research and development expenditures of new agricultural products.

## **Reasons for the Issue**

The issue of the Unlisted Warrants is part of the terms of the grant of the Loan. The Board considers that the issue of Unlisted Warrants is an appropriate means to raise future capital for the Company. When the subscription rights attached to the Unlisted Warrants are exercised, further funds will be raised for additional working capital and the capital and shareholder base will also be strengthened.

## **General**

As at the date of this announcement, Mr. Wu Shaoning and Mr. Tung Fai are the substantial shareholders of the Company, and they hold 140,000,000 Shares and 28,000,000 Shares respectively, representing 56 per cent. and 11.2 per cent of the existing issued share capital of the Company respectively. Assuming full exercise of the subscription rights attached to the Unlisted Warrants, the shareholdings of Mr. Wu Shaoning and Mr. Tung Fai will be diluted to approximately 49.29 per cent. and 9.86 per cent respectively of the enlarged issued share capital of the Company comprising 284,057,970 Shares.

Based on the audited net tangible assets of the Company of approximately HK\$94,833,000 as at 30th June, 2000 and that the Unlisted Warrants will carry aggregate subscription rights of HK\$47,000,000 in cash for Shares, the issue of the Unlisted Warrants constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

A circular containing the details of the above transaction will be despatched to shareholders of the Company as soon as practicable.

## Resumption of trading

Trading of the Company's Shares on GEM was temporarily suspended from 10:00 a.m. on 3rd November, 2000. The Company has applied to the Stock Exchange for dealings to resume on 8th November, 2000 at 10:00 a.m.

## DEFINITIONS

“Agreement”	an agreement dated 2nd November, 2000 for the grant of the Loan to the Company by Fleet National Bank, which should be read in conjunction with the Supplemental Agreement
“Board”	board of directors of the Company
“Connected persons”	persons as defined under Rule 1.01 of the GEM Listing Rules
“Company”	China Agrotech Holdings Limited
“GEM Listing Rules”	Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange
“Loan”	a one year term loan of HK\$47,000,000
“Shares”	shares of HK\$0.10 each of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	an agreement dated 7th November, 2000 which is supplementary to the Agreement
“Unlisted Warrants”	unlisted warrants issuable by the Company entitling the holder(s) thereof to subscribe for new Shares of the Company

By Order of the Board  
**Wu Shaoning**  
Chairman

Hong Kong, 7th November, 2000

*This announcement will remain on the GEM website on the “Latest Company Announcements” page for 7 days from the day of its posting.*

*\* For identification purposes only*