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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)

SUBSCRIPTION OF 20,434,782 NEW SHARES PURSUANT TO THE EXERCISE OF SUBSCRIPTION RIGHTS ATTACHED TO THE UNLISTED WARRANTS ISSUED ON 7TH NOVEMBER, 2000

On 31st October, 2001, Fleet National Bank transferred part of the Unlisted Warrants of the Company issued on 7th November, 2000 carrying subscription rights for Shares, which entitle the Subscribers to subscribe in cash for an aggregate of 20,434,782 Shares, and on the same date, the Subscribers applied for, and the Company conditionally agreed to, the exercise of such subscription rights, pursuant to which 20,434,782 Subscription Shares shall fall to be issued to the Subscribers at the Subscription Price of HK\$1.38 per Share, with the total subscription money amounting to HK\$28,200,000.

The Subscription Shares represents approximately 8.17% of the existing issued share capital of the Company, and approximately 7.56% of the issued share capital of the Company as enlarged by the Subscription.

The Subscription Price represents a discount of approximately 10.97% to the closing price of HK1.55 per Share as quoted on the Stock Exchange on 31st October, 2001, being the last trading day of the Shares immediately prior to the date of release of this announcement and a discount of approximately 5.09% to the average closing price of approximately HK\$1.454 per Share as quoted on the Stock Exchange for the last five trading days up to and including 31st October, 2001.

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 3rd November, 2000.

The proceeds from the Subscription will be HK\$28,200,000. The Company has no present intention on the specific use of funds and as such, the proceeds will be deposited in a licensed bank in Hong Kong.

BACKGROUND

Pursuant to the announcement dated 7th November, 2000 in respect of a discloseable transaction involving an issue of unlisted warrants carrying rights to subscribe for shares in the Company in connection with a term loan, the Company had entered into a term loan agreement dated 2nd November, 2000, as amended and supplemented by a supplemental deed 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 issued the 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 (both dates inclusive).

On 31st October, 2001, Fleet National Bank transferred part of the Unlisted Warrants carrying subscription rights for Shares to the Subscribers, which entitle the Subscribers to subscribe in cash for an aggregate of 20,434,782 Shares, and on the same date, the Subscribers applied for, and the Company conditionally agreed to, the exercise of such subscription rights, pursuant to which 20,434,782 Subscription Shares shall fall to be issued to the Subscribers at the Subscription Price of HK\$1.38 per Share, with the total subscription money amounting to HK\$28,200,000.

THE SUBSCRIPTION

Date of Subscription

31st October, 2001

Independence of Subscribers

The Subscribers are six individual investors and are independent of and not connected with the directors, chief executive, substantial shareholders or management shareholders of the Company or any of its subsidiaries and any of their respective associates (as defined under the GEM Listing Rules).

Subscription Shares

A total of 20,434,782 new Shares, representing approximately 8.17% of the existing issued share capital of the Company, and approximately 7.56% of the issued share capital of the Company as enlarged by the Subscription, are to be allotted and issued to the Subscribers. The Subscription Shares will be issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 3rd November, 2000.

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects with the Shares in issue, including the right to receive all dividends, bonuses or distributions declared or proposed to be declared or paid by the Company as from the date of such allotment and issue.

Subscription Price

The Subscription Price of HK\$1.38 per Share represents a discount of approximately 10.97% to the closing price of HK\$1.55 per Share as quoted on the Stock Exchange on 31st October, 2001, being the last trading day of the Shares immediately prior to the date of release of this announcement and a discount of approximately 5.09% to the average closing price of approximately HK\$1.454 per Share as quoted on the Stock Exchange for the last five trading days up to and including 31st October, 2001.

Condition of the Subscription

The Stock Exchange has granted the listing of and permission to deal in all the Subscription Shares subscribed by the Subscribers, subject to conditions in respect of certain compliance procedures. The Directors do not anticipate any difficulty regarding the fulfillment of the conditions in respect of such compliance procedures.

Completion of the Subscription

Completion of the Subscription will take place at 4:00 p.m. not later than five business days after the fulfillment of the condition set out under the paragraph headed “Condition of the Subscription” above.

DILUTION EFFECTS PURSUANT TO THE SUBSCRIPTION

Upon completion of the Subscription, the dilution effects of the shareholding of the Company shall be as follows:

Shareholders	Existing		Upon completion of the Subscription	
	Number of Shares	%	Number of Shares	%
Wu Shaoning	140,000,000	56.00%	140,000,000	51.77%
Tung Fai	28,000,000	11.20%	28,000,000	10.35%
<i>Subtotal:</i>	<u>168,000,000</u>	<u>67.20%</u>	<u>168,000,000</u>	<u>62.12%</u>
The Subscribers	—	—	20,434,782	7.56%
Other public				
shareholders	82,000,000	32.80%	82,000,000	30.32%
<i>Subtotal:</i>	<u>82,000,000</u>	<u>32.80%</u>	<u>102,434,782</u>	<u>37.88%</u>
Total	<u>250,000,000</u>	<u>100.00%</u>	<u>270,434,782</u>	<u>100.00%</u>

Note: Wu Shaoning and Tung Fai are directors and management shareholders of the Company.

THE USE OF PROCEEDS

The proceeds of the Subscription will be HK\$28,200,000. The Company has no present intention on the specific use of funds and as such, the proceeds will be deposited in a licensed bank in Hong Kong.

DEFINITIONS

“Company”	China Agrotech Holdings Limited, a company incorporated in the Cayman Islands with limited liability
“Directors”	directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Loan”	a one year term loan of HK\$47,000,000 advanced by Fleet National Bank on 3rd November, 2000

“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	six individual investors
“Subscription”	the exercise of subscription rights attached to the Unlisted Warrants by the Subscribers on 31st October, 2001, which entitle the Subscribers to subscribe for the Subscription Shares
“Subscription Price”	HK\$1.38 per Share
“Subscription Shares”	an aggregate of 20,434,782 Shares subscribed for by the Subscribers on 31st October, 2001 in connection with the Subscription
“Unlisted Warrants”	unlisted warrants issued by the Company on 7th November, 2000 entitling the holder(s) thereof to subscribe for new Shares of the Company

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

Hong Kong, 31st October, 2001

This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least seven days from its date of publication.

** For identification purposes only*