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This announcement, for which the directors of China Agrotech Holdings Limited (the “Directors”) 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.

This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares or other securities of China Agrotech Holdings Limited.



China Agrotech Holdings Limited

浩倫農業科技集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

ANNOUNCEMENT

**PROPOSED LISTING ON THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED
BY WAY OF INTRODUCTION**

**PROPOSED WITHDRAWAL OF LISTING ON
THE GROWTH ENTERPRISE MARKET OF
THE STOCK EXCHANGE OF HONG KONG LIMITED**

ADOPTION OF SHARE OPTION SCHEME



* *for identification only*

The Company is proposing to list the Shares on the Main Board by way of introduction, withdraw the listing of the Shares on GEM and adopt the Share Option Scheme. On 12th December, 2001, the Sponsor was notified that the Listing Committee of the Main Board granted an approval in principle of the Main Board Listing. A circular containing, among other things, a notice of the EGM to approve, among other things, the Withdrawal and the Share Option Scheme, was despatched to the Shareholders on 14th December, 2001.

Warning:

There is no assurance that permission will be obtained from the Stock Exchange for the Main Board Listing. Shareholders of the Company and potential investors should be aware that the implementation of the Withdrawal is subject to conditions set out below being fulfilled and thus may or may not become effective. Accordingly, the Main Board Listing and the Withdrawal may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Company announced on 22nd October, 2001 that the Sponsor on behalf of the Company, submitted an advance booking of an application to the Stock Exchange for the Main Board Listing and informed the Stock Exchange of the Withdrawal. On 12th December, 2001, the Sponsor was notified that the Listing Committee granted an approval in principle of the Main Board Listing.

This approval in principle was granted subject to the fulfillment in every respect of the following conditions prior to a formal and final approval being granted and, in any event, before the commencement of trading in the Shares on the Main Board:

- (a) that the relevant documentation requirements under Chapter 9 and 19 of the Listing Rules are fulfilled; and
- (b) that the Listing Division of the Main Board is satisfied with the contents of the published version of the introduction document of the Company issued in connection with the Main Board Listing.

In connection with the Main Board Listing, the Directors proposed to seek the approval of the Shareholders for the Share Option Scheme. A circular containing, among other things, a notice of the EGM was despatched to the Shareholders on 14th December, 2001.

THE WITHDRAWAL

On 19th October, 2001, ICEA Capital Limited submitted an application for and on behalf of the Company to the Stock Exchange for the Main Board Listing. Immediately prior to the Main Board Listing, the listing of the Shares on GEM will be withdrawn.

Under the GEM Listing Rules, an issuer that has an alternative listing on another stock exchange or securities market recognised for this purpose by the Stock Exchange may not voluntarily withdraw its listing on GEM unless

- (a) the prior approval of the shareholders of the issuer has been obtained by way of an ordinary resolution passed at a duly convened meeting of the shareholders of the issuer; and
- (b) the issuer has given its shareholders at least three months' notice of the proposed withdrawal of listing.

In connection with the Withdrawal, the Company applied to the Stock Exchange for, and the Stock Exchange granted, a waiver for the minimum three months' notice required under the GEM Listing Rules, subject to:

- (i) the notice period for the Withdrawal shall be a minimum of five clear Business Days after the approval of the Shareholders for the Withdrawal shall have been obtained; and
- (ii) the prior approval of the Shareholders for the notice period for the Withdrawal for a minimum of five clear Business Days shall have been obtained.

Accordingly, the EGM is convened to seek the approval of the Shareholders for, inter alia, the Withdrawal and after such approval shall have been obtained, a notice of the Withdrawal will be published.

Mr. Wu Shaoning, the Chairman and the controlling shareholder of the Company who as at the Latest Practicable Date held 140,000,000 Shares, representing approximately 51.77% of the issued share capital of the Company, confirmed to the Company that he will vote in favour of the resolutions in respect of the Withdrawal, the reduction of the notice period for the Withdrawal and the Share Option Scheme to be proposed at the EGM.

Conditions of the Withdrawal

Implementation of the Withdrawal will be conditional on:

- (a) the passing of the ordinary resolution in respect of the Withdrawal by the Shareholders at the EGM;
- (b) the publication of a notice of the Withdrawal after the approval of the Shareholders for the Withdrawal shall have been obtained at the EGM and not less than five clear Business Days before the Effective Date; and
- (c) the granting by the Listing Committee of the Stock Exchange of the Main Board Listing.

Effects of the Withdrawal

It is expected that dealings in the Shares on GEM will cease at 10:00 a.m. on the Effective Date and dealings in the Shares on the Main Board will commence at 10:00 a.m. on the Effective Date. The Company will make further announcement after the EGM to publish the results of the EGM and the information relating to the Withdrawal and the trading arrangement of the Shares in respect of the Withdrawal and the Main Board Listing through teletext.

The Withdrawal will not have any effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and does not involve any transfer or exchange of the existing share certificates. No change is proposed to be made to the board lot size, trading currency of the Shares and the share registrars of the Company in connection with the Withdrawal. If and when the Shares are listed on the Main Board, the Shareholders may be required to sign a new client agreement with their stockbrokers.

The continuing obligations of listed issuers under the Listing Rules and the GEM Listing Rules are not the same. For example, the principal means of information dissemination by listed issuers on GEM is publication on the internet website operated by the Stock Exchange whereas the principal means of information dissemination by listed issuers on the Main Board is through newspapers, and listed issuers on the Main Board are not required to publish quarterly reports.

Reasons for the Withdrawal

The Group has experienced considerable growth since the listing of the Shares on GEM in November 1999. The actual use of the proceeds raised from the listing of the Shares on GEM in November 1999 and the business progress of the Group followed the relevant description in the prospectus of the Company dated 16th November, 1999 in all material respects. The Directors consider that a Main Board Listing may better reflect the profile of the Group and is expected to be beneficial to the future development of the Group. Accordingly, it is proposed that the listing of the Shares on GEM be withdrawn.

Expected Timetable of the Withdrawal and the Main Board Listing

The expected timetable for the Withdrawal and the Main Board Listing is set out below:

Despatch of circulars and form of proxy to the Shareholders for the EGM	14th December, 2001
Latest time for lodgement of form of proxy for the EGM	10:00 a.m. on 29th December, 2001
EGM	10:00 a.m. on 31st December, 2001
Notice of the Withdrawal to be published in the South China Morning Post, the Hong Kong Economic Times and on GEM website	2nd January, 2002
Last day of dealings in the Shares on GEM	11th January, 2002
Withdrawal of listing from GEM effective from	10:00 a.m. on 14th January, 2002
First day of dealings in Shares on Main Board	14th January, 2002

Certain Financial Information

The following pro forma statement of adjusted net tangible assets of the Group is based on the consolidated net assets of the Group as at 30th June, 2001 as set out in the accountants' report in Appendix I to the listing document issued in connection with the Main Board Listing, adjusted as shown below:

	<i>HK\$'000</i>
Audited net assets of the Group as at 30th June, 2001	146,639
Less: development expenditures	<u>(7,600)</u>
	139,039
Consolidated profit of the Group as shown in the unaudited management accounts for the four months ended 31st October, 2001, excluding amortisation of development expenditures of approximately HK\$623,000	26,480
Proceeds from warrants exercised (<i>Note 1</i>)	28,200
Surplus arising on revaluation as at 31st October, 2001 of the Group's interests in land (<i>Note 2</i>)	<u>2,046</u>
Adjusted net tangible assets	<u>195,765</u>
Adjusted net tangible asset value per Share (<i>Note 3</i>)	<u>HK\$0.724</u>

Notes:

1. On 31st October, 2001, certain of the unlisted warrants of the Company carrying subscription rights for Shares were exercised to subscribe for 20,434,782 Shares at a subscription price of HK\$1.38 per share, with the total proceeds amounting to approximately HK\$28,200,000.
2. Pursuant to the revaluation of the Group's interests in land, revaluation surplus of approximately HK\$2,046,000 arose. Such a revaluation surplus will not be recorded in the Group's financial statements as the Group accounts for its interests in land at cost.
3. It is based on the 270,434,782 Shares in issue upon the Main Board Listing, but taking no account of any Shares which may be issued pursuant to any options granted under the Existing Scheme or upon the exercise by the Directors of the general mandates granted to them to allot and issue Shares, or Shares which may be repurchased by the Company.

SHARE OPTION SCHEME

In connection with the Main Board Listing, the Directors proposed to seek the approval of the Shareholders for the Share Option Scheme, the provisions of which will comply with the requirements of the Listing Rules. The Existing Scheme will be replaced by the Share Option Scheme when the Share Option Scheme shall have been approved and adopted by the Shareholders and shall have become unconditional.

Conditions of the Share Option Scheme

The adoption of the Share Option Scheme will be conditional upon:

- (a) the passing by the Shareholders at the EGM of the ordinary resolution approving the Share Option Scheme; and
- (b) the granting by the Listing Committee of the Stock Exchange of listing of, and permission to deal in, the Shares and any Shares which may be issued upon the exercise of options granted under the Share Option Scheme on the Main Board.

THE EGM

The EGM is convened to be held on 31st December, 2001 at Salon 1, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong, at 10:00 a.m., at which ordinary resolutions will be proposed to consider and, if thought fit, approve, among other matters, the following:

- (a) the Share Option Scheme;
- (b) the reduction of the notice period for the Withdrawal; and
- (c) the Withdrawal.

RECOMMENDATION

The Board considers that the Withdrawal and the adoption of the Share Option Scheme will be in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings.

“Board”	the board of Directors
“Business Day(s)”	any day(s) on which the Stock Exchange is open for the business of dealings in securities
“Circular”	the circular to the Shareholders despatched on 14th December, 2001
“Company”	China Agrotech Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose Shares are listed on GEM
“Director(s)”	director(s) of the Company
“Effective Date”	on or about 14th January, 2002, the day on which the Withdrawal becomes effective
“EGM”	the extraordinary general meeting of the Company to be held at Salon 1, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 31st December, 2001 at 10:00 a.m., notice of which is set out in the Circular
“Existing Scheme”	the share option scheme adopted by the Company on 11th November, 1999
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Latest Practicable Date”	10th December, 2001, being the latest practicable date prior to the printing of the Circular for the purpose of ascertaining certain information for inclusion in the Circular
“Listing Committee”	the listing sub-committee of the Directors of the Stock Exchange responsible for Main Board listing matters
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of GEM and which stock market continues to be operated by the Stock Exchange in parallel with GEM
“Main Board Listing”	the proposed listing of the Shares on the Main Board
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Option Scheme”	the proposed share option scheme to be adopted by the Company at the EGM, a summary of the principal terms of which is set out in the Appendix to the Circular
“Sponsor”	ICEA Capital Limited, a registered dealer under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Withdrawal”	the proposed withdrawal of the listing of the Shares on GEM

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

Hong Kong, 14th December, 2001

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of China Agrotech Holdings Limited (the “Company”) will be held at 10:00 a.m., on 31st December, 2001, at Salon 1, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. **THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting approval of the listing of, and permission to deal in, the shares of HK\$0.10 each in the share capital of the Company (“Shares”) in issue and any Shares which may fall to be issued pursuant to the exercise of the options granted under the share option scheme (the “Scheme”) (a copy of which has been produced to the meeting and marked “A” and initialled by the chairman of the meeting for the purposes of identification) on the Main Board of the Stock Exchange (the “Main Board”), the Scheme be and is hereby approved and adopted in substitution for and to the exclusion of the share option scheme adopted by the Company on 11th November, 1999.
2. **THAT** the notice period required under Rule 9.19(3) of the Rules Governing the Listing of Securities on the Growth Enterprise Market operated by the Stock Exchange (the “GEM”) in connection with the proposed withdrawal of the listing of the Shares on GEM be reduced to a minimum of five clear days on which the Stock Exchange is open for the business of dealings in securities from the date on which the shareholders of the Company shall have approved the proposed withdrawal of the listing of the Shares on GEM.
3. **THAT** conditional upon the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares in issue and any Shares which may fall to be issued pursuant to the exercise of options granted under the Scheme on the Main Board and the publication of a notice of the proposed withdrawal of the listing of the Shares on GEM not less than such period as the shareholders of the Company shall have approved under resolution numbered 2 above before the day on which the proposed withdrawal is effective, the listing of the Shares on GEM shall cease with effect from such date and time as the directors of the Company may designate and **THAT** any one director of the

Company or the Company Secretary of the Company be and he is hereby authorised generally to do all matters for and on behalf of the Company as he may deem necessary, desirable or expedient to effect and implement the foregoing.

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

Hong Kong, 14th December, 2001

Principal place of business:

Room 2706, 27th Floor
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed or a certified copy of that power or authority, at the Company's Hong Kong branch share registrar, Hong Kong Registrars Limited at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting.
3. In the case of joint registered holders of any Shares, any one of them may vote at the meeting, either personally or by proxy, in respect of such Shares as if he/she was solely entitled thereto; but if more than one of such joint registered holders be present at the meeting, either personally or by proxy, that one of them so present whose name stands first on the register of members in respect of such Shares shall be accepted to the exclusion of the votes of the other joint registered holders.

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