

**PINE AGRITECH LIMITED (THE "COMPANY")**  
(Incorporated in Bermuda)

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**PROPOSED ISSUE OF CONVERTIBLE BONDS DUE 2012**

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**Introduction**

The directors of the Company (the "**Directors**") wish to announce that the Company proposes to issue RMB 2,000 million in aggregate principal amount of US dollar settled zero coupon convertible bonds due 2012 (with an option for the issue of up to RMB 300 million in aggregate principal amount of US dollar settled zero coupon convertible bonds due 2012) (collectively, the "**Convertible Bonds**"), which are convertible into fully paid-up new ordinary shares (the "**New Shares**") in the capital of the Company. UBS AG ("**UBS**") is the sole global coordinator and sole bookrunner of the issue of the Convertible Bonds (the "**Issue**"). The Company and UBS have on 10 July 2007 entered into a subscription agreement relating to the offering of the Convertible Bonds (the "**Subscription Agreement**").

Under the terms of the Subscription Agreement, the Company has agreed to issue, and UBS has agreed to subscribe and pay for, or procure subscription and payment for, up to RMB 2,000 million in aggregate principal amount of the Convertible Bonds, with an option for UBS to subscribe for additional Convertible Bonds of up to RMB 300 million in aggregate principal amount (the "**Option**"). The Convertible Bonds will be issued at an issue price of 100% of the principal amount thereof, and are convertible into new shares of the Company (the "**New Shares**"). All amounts due under and all claims arising out of or pursuant to the issue of the Convertible Bonds from or against the Company shall be payable and settled in US dollars only.

The Convertible Bonds and the New Shares to be issued upon conversion of the Convertible Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and, subject to certain exceptions, may not be offered or sold within the United States. The Convertible Bonds and the New Shares to be issued upon conversion of the Convertible Bonds are being offered and sold outside the United States in reliance on Regulation S under the Securities Act.

None of the Convertible Bonds have been, nor will be, offered or sold or caused to be made subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than to an institutional investor under the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**") or otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

**Principal Terms of the Convertible Bonds**

The principal terms and conditions of the Convertible Bonds are summarised as follows:

Issue Base Size	:	RMB 2,000 million
Option Size	:	RMB 300 million
Issue Price	:	100% of the principal amount of the Convertible Bonds
Settlement and Payment	:	Settlement and payment for the Convertible Bonds is expected to take place on or about 27 July 2007
Interest	:	Save for default interest as provided for in the Terms and Conditions of the Convertible Bonds, the Convertible Bonds do not bear interest
Yield to Maturity	:	3.40% per annum calculated on a semi-annual basis applied to the RMB principal amount
Conversion Premium	:	51% over the closing price of the ordinary shares of the Company (" <b>Shares</b> ") on the Singapore Exchange Securities Trading Limited (the " <b>SGX-ST</b> ") on 9 July 2007.

Initial Conversion Price	:	S\$0.9815 for each New Share
Conversion Period	:	Convertible at the election of the bondholders at any time on or after 41 days from 27 July 2007 until 7 days prior to 27 July 2012
Status of the Convertible Bonds	:	The Convertible Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Company
Status of the New Shares	:	The New Shares to be issued upon conversion of the Convertible Bonds will be fully-paid and in all respects rank <i>pari passu</i> with the ordinary shares of the Company then in issue on the relevant registration date
Final Redemption	:	US\$ equivalent amount of 118.36% of the RMB principal amount of each Convertible Bond on the final redemption date
Maturity Date	:	27 July 2012
Redemption at the Option of the Bondholder	:	<ul style="list-style-type: none"> <li>▪ <b>Bondholder's Put:</b> In whole or in part on 27 July 2010 at the US\$ Equivalent Amount of 110.64% of the outstanding RMB principal amount</li> <li>▪ <b>Change-of-Control Put:</b> At the US Dollar Equivalent Amount (as defined in the Terms and Conditions of the Convertible Bonds) of the Early Redemption Amount (as defined in the Terms and Conditions of the Convertible Bonds). The conversion price is also adjusted on Change of Control (as defined in the Terms and Conditions of the Convertible Bonds).</li> <li>▪ <b>Delisting Put:</b> At the US Dollar Equivalent Amount of the Early Redemption Amount, if the shares of the Company cease to be listed on the SGX-ST (or, if applicable, an alternative stock exchange)</li> </ul>
Redemption at the Option of the Company	:	<ul style="list-style-type: none"> <li>▪ <b>Issuer Call:</b> Non-callable for 3 years and thereafter, in whole but not in part, at the US Dollar equivalent Amount of the Early Redemption Amount, if the closing price of the shares (translated into RMB at the prevailing RMB:S\$ exchange rate) for each of 30 consecutive Trading Days (as defined in the Terms and Conditions of the Convertible Bonds) is at least 130% of the Early Redemption Amount divided by the Conversion Ratio (as defined in the Terms and Conditions of the Convertible Bonds) as adjusted for dilutive events.</li> <li>▪ <b>Clean-up Call:</b> At any time prior to maturity, in whole but not in part, at the US Dollar Equivalent Amount of the Early Redemption Amount, if at any time at least 90% in aggregate principal amount of the Convertible Bonds originally issued (including any Convertible Bonds issued pursuant to the over-allotment option) has already been converted, redeemed or purchased and cancelled</li> </ul>
Redemption for Taxation Reasons	:	<ul style="list-style-type: none"> <li>▪ <b>Tax Call:</b> At any time prior to maturity, in whole but not in part, at the US Dollar Equivalent Amount of the Early Redemption Amount. bondholders have the right to elect for their Convertible Bonds not to be redeemed but with no entitlement to any additional amounts</li> </ul>
Adjustment to the Conversion Price	:	The Conversion Price will be adjusted in certain circumstances, including <i>inter alia</i> subdivisions, consolidations or reclassification of shares; capitalisation of profits; capital distribution; stock dividends; rights issues and other standard dilutive events.
Negative Pledge	:	So long as any Convertible Bond remains outstanding:

- (i) the Company will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (“**Security**”) upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any Relevant Indebtedness (as defined in the Terms and Conditions of the Convertible Bonds), or to secure any guarantee or indemnity in respect of any Relevant Indebtedness; and
- (ii) the Company will procure that no Subsidiary (as defined in the Terms and Conditions of the Convertible Bonds) or other person creates or permits to subsist any Security upon the whole or any part of the undertaking, assets or revenues present or future of that Subsidiary or other person to secure any of the Company’s or any Subsidiary’s Relevant Indebtedness, or to secure any guarantee of or indemnity in respect of any of the Issuer’s or any Subsidiary’s Relevant Indebtedness,

unless, at the same time or prior thereto, the Company’s obligations under the Convertible Bonds and the Trust Deed (as defined in the Terms and Conditions of the Convertible Bonds) (a) are secured equally and rateably therewith to the reasonable satisfaction of the Trustee(as defined in the Terms and Conditions of the Convertible Bonds), or (b) have the benefit of such other security, guarantee, indemnity or other arrangement that the Trustee reasonably believes is not materially less beneficial to the bondholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the bondholders.

Listing : Applications will be made for the listing of the Convertible Bonds on the SGX-ST and the listing of the New Shares on the SGX-ST.

Governing Law : English Law

**New Shares**

The number of New Shares to be allotted and issued by the Company, pursuant to the full conversion of the Convertible Bonds (excluding any exercise of the Option), is 20,359.058 shares per Convertible Bond or 407,181,160 shares if all Bonds are converted in aggregate (in each case based on the initial conversion price of S\$0.9815 (with a fixed exchange rate of S\$1 = RMB5.0044) and assuming exercise of the option to convert in full and no adjustments to the conversion price), which represents approximately 13.6 per cent. of the existing issued and paid-up capital of the Company as at 31 December, 2006.

**Use of Proceeds**

The Company intends to use the proceeds raised for expansion of production capacity and general corporate purposes. The foregoing represents our current plans for the use of the net proceeds from the issue of the Convertible Bonds. We may find it necessary to use portions of such proceeds for purposes other than those set forth above, as may be permitted from time to time under relevant laws, regulations and guidelines.

### **Pro-Forma Financial Effects of the Issue**

Solely for purposes of illustration, the pro-forma financial effects of the issue of the Convertible Bonds (excluding any exercise of the Option), based on the audited financial statements of the Company and its subsidiaries (collectively, the "Group") as at 31 December 2006, on the share capital, net tangible assets, earnings and net gearing of the Group, are as follows:

#### **(a) Share Capital**

	<b>Number of Shares '000</b>
Issued and fully paid-up share capital as at 31 December 2006	<u>3,000,000</u>
Issued and fully paid-up share capital as at 31 December 2006, after the issue of the Convertible Bonds, but before any conversion of the Convertible Bonds	<u>3,000,000</u>
Issued and fully paid-up share capital as at 31 December 2006, assuming full conversion of the Convertible Bonds	<u>3,407,181</u>

#### **(b) Net Asset Value ("NAV")**

	<b>RMB'000</b>
NAV based on audited accounts as at 31 December 2006	<u>1,366,544</u>
Adjusted NAV as at 31 December 2006 after the issue of the Convertible Bonds but before any conversion of the Convertible Bonds	<u>1,366,544</u>
NAV per Share (RMB)	
Before the issue of the Convertible Bonds	<u>0.46</u>
After the issue of the Convertible Bonds but before any conversion of the Convertible Bonds	<u>0.46</u>

Assuming full conversion of the Convertible Bonds, the effects on NAV and NAV per Share would be as follows:

	<b>RMB'000</b>
Adjusted NAV as at 31 December 2006	<u>3,366,544</u>
Adjusted NAV per Share	<u>0.99</u>

#### **(c) Earnings**

In view of the intended use of the proceeds from the Convertible Bonds described earlier, it is not possible to quantify the effect of the issue of the Convertible Bonds on the earnings of the Group until the proceeds from the issue of the Convertible Bonds have been deployed

**(d) Gearing**

	<b>RMB'000</b>
Total borrowings as at 31 December 2006	-
Increase in total borrowings resulting from recording the fair value of the conversion rights upon the issuance of the Convertible Bonds	2,000,000
Adjusted net borrowings as at 31 December 2006, after the issuance of the Convertible Bonds but before any conversion of the Convertible Bonds and before the deployment of the net proceeds from the issuance of the Convertible Bonds	<u>2,000,000</u>
Total equity as at 31 December 2006	<u>1,366,544</u>
Adjusted total equity as at 31 December 2006, after the issuance of the Convertible Bonds but before any conversion of the Convertible Bonds	<u>1,366,544</u>
<b>Gearing Ratio</b>	
As at 31 December 2006	<u>N/A</u>
After the issuance of the Convertible Bonds	<u>146.4%</u>

Assuming full conversion of the Convertible Bonds, the effect on the gearing ratio of the Group would be as follows:

	<b>RMB'000</b>
Adjusted total borrowings as at 31 December 2006 assuming full conversion of the Convertible Bonds	<u>-</u>
Adjusted total equity as at 31 December 2006 assuming full conversion of the Convertible Bonds	<u>3,366,544</u>
<b>Gearing Ratio</b>	
	<u>N/A</u>

**Conditions**

The issue of the Convertible Bonds is conditional upon, *inter alia*, the following:

- (a) the SGX-ST having agreed to list the Convertible Bonds;
- (b) the SGX-ST having agreed to list the New Shares; and
- (c) UBS being satisfied with the results of its due diligence investigations with respect to the Company and its subsidiaries for the purposes of the preparation of the offering circular, and the offering circular shall have been prepared in form and content satisfactory to UBS.

**Closing Date**

The closing date for the Issue is expected to be on or about 27 July 2007 (the "**Closing Date**").

### **Lock-Up Agreement**

On or prior to the Closing Date, Loampit Limited and Elite Union Corporation, who are substantial shareholders of the Company, shall execute a lock-up agreement, whereby it undertakes, *inter alia*, not to sell any shares of the Company or enter into other transactions with a similar effect for a period from the date of the Subscription Agreement until the date up to 90 days after the Closing Date (and if any Convertible Bonds are issued pursuant to the exercise of the Option, the 90 days after the last closing date for the Option).

### **Interests of Directors and Substantial Shareholders**

None of the Directors and substantial shareholders of the Company have any interest, direct or indirect, in the Issue.

### **Submitted by Li Zhuping, Director on 11 July 2007 to SGX-ST**

*This announcement is not an offer to sell or the solicitation of an offer to buy any securities and neither this announcement nor anything herein forms the basis for any contract or commitment whatsoever. Neither this announcement nor any copy hereof may be taken into or distributed in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration, and the securities described herein will be sold in accordance with all applicable laws and regulations.*

*In connection with the offer and the distribution of the Convertible Bonds, UBS may, to the extent permitted by applicable laws and regulations, over-allot or effect transactions with a view to supporting the market price of the Convertible Bonds at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on UBS to do so. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.*