



AGRIA GROUP HOLDING AD

SECURITIES NOTE

PART II OF THE PROSPECTUS FOR PUBLIC OFFERING OF SHARES UP TO 1,700,000 ORDINARY SHARES

This document refers to the Public Offering of up to 1,700,000 Ordinary Shares from the capital of AGRIA GROUP HOLDING AD, each with a nominal value of BGN 1 (one), offered for subscription in accordance with a decision by the General Meeting of Shareholders of the Company of 29 September 2007 to increase the capital of the Company by means of subscription, in compliance with the Public Offering of Securities Act. The minimum number of subscribed Shares at which the capital increase will be deemed successful is 1,400,000. The minimum selling price of Shares from the capital increase subject to Public Offering is BGN 9 (nine). After the General meeting of Shareholders and according to the authority it has, the Board of Directors determined a price range of 9-13 BGN per share. The final Offering Price (issuing value) of one Share in the execution of the capital increase and the subscription will be determined by the Investment Intermediary after co-ordination with the Issuer on the basis of the Orders submitted on the Offering Day by means of the Book Building method and the major factor in determining the classification of orders will be the offered price. The expenses for the Public Offering are expected to amount to no less than BGN 7,821, including the FSC fee. Apart from these expenses, the authorized Investment Intermediary will be entitled to remuneration to the amount of 5,000 for the preparation of this Prospectus, 1.00% of the funds raised for the Shares sold, and 2% calculated on the basis of the difference between the achieved actual selling price per Share and the initial minimum issuing value per Share. More detailed information about the expenses, as well as information about the remuneration of the authorized Investment Intermediary, is presented on page 18 of this document. Term of the offering: a) submission of Orders for the purchase of shares – within three business days, each day from 09:00 to 16:00 hrs, and the opening date on which this period begins is the first business day after seven days have elapsed from whichever comes first: the date of the promulgation of the notice about the opening of the subscription for the Public Offering in State Gazette, or the date of its publication in a national daily newspaper; b) announcement of the Offering Price, preparation of a list for the allocation of the Offered Shares, and notification of the investors - on the next business day after the end of the three-day term for submission of Orders for the purchase of Shares under item a); c) payment of the price of Shares subscribed and purchased – by the end of the third business day after the announcement of the Price under item b). Stock exchange purchase or sale of the Shares will be possible after their registration for trading on Bulgarian Stock Exchange - Sofia AD, on the date set by the Board of Directors of the Stock Exchange.

AGRIA GROUP HOLDING AD has been registered with Central Depository AD as an Issuer of dematerialized securities with an identification number /ISIN/ given to the issue of registered shares of its capital: BG1100085072.

The Investment Intermediary authorized to prepare the Prospectus, is the United Bulgarian Bank AD, with a registered office and business address at 5 Sveta Sofia Str, Vazrazhdane District, Sofia.

The Prospectus contains the entire information about AGRIA GROUP HOLDING AD necessary to make a decision on whether to invest in the Offered Shares, including the main risks related to the Company and its operations. It is to the investors' interest to become carefully acquainted with all the parts of the Prospectus, including the Securities Note and the Registration Document, before making an investment decision.

The Financial Supervision Commission confirmed the Prospectus for Public Offering of Shares by a decision No1515-E/13.11.2007, which is not a recommendation to invest in the Offered Shares. The Financial Supervision Commission bears no responsibility for the truthfulness and completeness of the data contained herein.

The members of the Board of Directors of AGRIA GROUP HOLDING AD are jointly liable for the damage caused by false, misleading, or incomplete data in the Securities Note. United Bulgarian Bank AD, in its capacity of authorized Investment Intermediary who has prepared the Prospectus, is jointly liable for the damage caused by false, misleading, or incomplete data in the Securities Note. The persons preparing the annual financial statements of the company are liable jointly with the persons under the previous two sentences for damage caused by false, misleading, or incomplete data in the financial statements of the Company, and the auditors – for the damage caused by the financial statements they have audited.

29.09.2007

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Investors can obtain the Securities Note, Part II of the Prospectus for Public Offering of Shares of AGRIA GROUP HOLDING AD, as well as additional information, at the office of the Issuer in 29 Atanas Moskov Str, Zapadna Promishlena Zona, Varna., tel.: 052 / 55 40 00, 052 / 55 40 11, contact persons: Emil Raykov, Teodora Ivanova, every business day from 10 to 17 hrs.

The Securities Note, Part II of the Prospectus for Public Offering of Shares of AGRIA GROUP HOLDING AD is available to investors also at the office of the Investment Intermediary authorized to prepare the Prospectus – United Bulgarian Bank AD, every business day from 9:00 to 17:00 hrs at: 9 Todor Alexandrov Blvd, Sofia, tel.: 02 / 811 37 55, fax: 02 / 811 37 59, contact person: Vladimir Matev, e-mail: matev_v@ubb.bg.

The Prospectus for Public Offering of Shares of AGRIA GROUP HOLDING AD can be obtained also from Bulgarian Stock Exchange – Sofia AD starting from the date of listing of the Company's shares, as well as from the Financial Supervision Commission starting from the date of confirmation of the Prospectus for Public Offering of Shares of the Company.

Investing in the Offered Shares is related to certain risks. The risk factors specific for the offered securities are set forth on page 6 and the following herein, as well as on page 8 and the following of the Registration Document and page 8 and the following of the Summary Note.

ABBREVIATIONS AND TERMS USED

POSA – Public Offering of Securities Act
FSC – Financial Supervision Commission
BSE – Bulgarian Stock Exchange – Sofia AD
Issuer or Company– AGRIA GROUP HOLDING AD
Investment Intermediary – United Bulgarian Bank AD

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1. Members of the Management and Supervisory Bodies, Procurators, Consultants and Auditors of the Issuer. Responsibility for the Preparation of the Security Note.

1.1 Name and functions of the members of the management body

AGRIA GROUP HOLDING AD, hereinafter referred to as the Company or the Issuer for brevity, is a joint-stock company with a single-tier management structure.

Members of the Board of Directors (BD) of AGRIA GROUP HOLDING AD:

Emil Veselinov Raykov – personal identification number (EGN) 7207288244	Chairman of the Board of Directors and Executive Director
Krisitna Zheleva Bozhkova - EGN 7103265571	Member of the Board of Directors
Krasen Marinov Yorkishev – EGN 7404021668	Member of the Board of Directors
Daniela Dimitrova Taneva – EGN 6311131072	Member of the Board of Directors
Anna Dimitrova Belchinska – EGN 7407011072	Member of the Board of Directors

All members of the Board are individuals persons.

The indicated members of the Board of Directors of AGRIA GROUP HOLDING AD, Varna, have been entered in the registry court – Varna District Court under the batch file of the Issuer, according to Decision No 8843 of 11 October 2007, under company file No 3857 under the inventory list for 2007, and is stated in a Certificate of Good Standing of the Company of 17 October 2007.

Representation

AGRIA GROUP HOLDING AD is represented before third parties by the Executive Director Emil Veselinov Raykov.

As of the date of the preparation of this document the Company has not appointed a Procurator.

1.2 Name, registered office, and business address of the main banks, investment intermediaries, and legal consultants the Issuer has long-term relations with

The main bank that AGRIA GROUP HOLDING AD has long-term relations with is United Bulgarian Bank AD, 5 Sveta. Sofia Str, Sofia.

The Company has concluded an agreement with United Bulgarian Bank AD, with a registered office and business address at: 5 Sveta Sofia Str., Vazrazhdane District, Sofia, for the preparation of a Prospectus for Public Offering of Shares of the Company and for the registration of the share issue of the Company at Central Depository AD, for the registration of the Company in the register of public companies and other issuers of securities maintained by the Financial Supervision Commission, and for the registration of the share issue of the Company for trading on Bulgarian Stock Exchange - Sofia AD.

AGRIA GROUP HOLDING AD has no long-term relations with other investment intermediaries.

AGRIA GROUP HOLDING AD has no long-term relations with external legal consultants. Legal services are provided by a person on a labour contract – Teodora Ivanova.

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Legal consultant for the issue is Savin Stefanov, a legal advisor with United Bulgarian Bank AD in his capacity of an employee of United Bulgarian Bank AD, with which the above mentioned agreement for the registration of the share issue of the Company for trading on Bulgarian Stock Exchange – Sofia AD was concluded.

1.3 Name, registered office and business address of the auditors of the Issuer for the last three years
The auditor of the consolidated financial statements for 2004, 2005, and 2006 of AGRIA GROUP HOLDING OOD as a company which was wound up by means of transformation into AGRIA GROUP HOLDING AD, is Bogomil Krastev Tonchev, address: 6 Parizhka Komuna Str., Varna, registration number 0110. AGRIA GROUP HOLDING OOD, as a company which was wound up by means of transformation into AGRIA GROUP HOLDING AD, is not required to have the annual statements for 2004, 2005, and 2006 on an unconsolidated basis signed off.

1.4 Persons responsible for the preparation of the Securities Note, Part II of the Prospectus for Public Offering of Shares of AGRIA GROUP HOLDING AD and a declaration by these persons

The person responsible for the preparation of the Securities Note is Vladislav Matev – an analyst with the United Bulgarian Bank AD, who by signing the last page of this document, declares that:

(1) in preparing the Securities Note he took due care to ensure that it complies with the legal requirements;

(2) to the extent of his knowledge, the information in the Securities Note is not false, misleading, or incomplete, and accurately presents the circumstances regarding the Company that are material to the investors.

2. Basic Information

2.1. Capitalization and Indebtedness

The table below contains information about AGRIA GROUP HOLDING OOD as of 30 June 2007 on an unconsolidated basis. In August 2007 AGRIA GROUP HOLDING OOD was wound up by means of transformation into AGRIA GROUP HOLDING AD. The transformation of AGRIA GROUP HOLDING AD by means of changing its legal form within the meaning of Art. 264 and the following of the Company Act from a limited liability company to a joint-stock company was effected on 28 August 2007 by virtue of its entry in the company register of Varna District Court by a decision of the same date, which is why the information presented below is valid for AGRIA GROUP HOLDING Ltd.

Indicators (BGN in thousands)	30.6.2007
Shareholders' equity	5 572
Share capital	5 100
Reserves	0
Retained Earnings	472
Total liabilities	106
Long-term liabilities	0
Current liabilities	106

The current liabilities of the Company as of 30 June 2007 include liabilities to suppliers and clients (BGN 68,000), insurance and tax liabilities (BGN 3,000), and other current liabilities (BGN 35,000). The current liabilities of the Company are unsecured.

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2.2. Reasons for performing a Public Offering of Securities

The main reasons for performing a Public Offering of the Shares from this issue are:

- Attracting financial resources from external sources needed for the implementation of the Company's investment program;
- Diversification of the shareholder structure of the Company, in particular by attracting Bulgarian and foreign investors.

In case of a successful Public Offering, the Company will acquire the status of a public company. The special requirements regarding public companies will help perfect the corporate governance of the Company in the conditions of transparency and regular accountability. The public status of the Company will contribute to strengthening its competitive position and boosting its reputation in the minds of a wide range of potential consumers of the goods and services offered by Company.

The funds raised from the subscription and sale of Shares from this issue will be used to finance the operations of the Company, in particular to implement the investment program described in the Registration Document, Part I of the Prospectus for Public Offering of Shares.

In view of the scope of business activity and the objectives of the Issuer, as well as considering the fact that the latter does not perform directly its own production and/or commercial activity similar to the activity of its subsidiary companies, the plans of AGRIA GROUP HOLDING AD are related to and consist in its direct interest in the subsidiaries it controls in the structure of the Holding and their investment plans, projects and intentions set forth and described in detail in their investment programs in section *Subsidiaries* of the Registration Document, Part I of the Prospectus for Public Offering of Shares.

The sources of funds for the implementation of the investment programs of the subsidiary companies from the economic group, part of which is the Issuer, are in the following areas:

- Own interest of the Issuer and the subsidiaries in the form of non-distributed profit for past years;
- Profit from current activities during the implementation of the investments;
- Attracted funds in the form of share capital as a result of the Public Offering of up to 1,700,000 ordinary registered Shares from the capital of AGRIA GROUP HOLDING AD with a nominal value of BGN 1 (one) each.

The funds raised by the issue will be used for the implementation of the overall investment program of the subsidiary companies from the Holding's structure for the period of 2007-2012, in the areas and terms set forth in section *Subsidiaries* of the Registration Document, Part I of the Prospectus for Public Offering of Shares. In this sense, each one of the components and the areas of the investment program is given priority along with the rest and should be viewed parallel to them in terms of degree of importance.

The Issuer declared that in their opinion, the working capital of the Company, including the additional capital secured by means of selling the Shares from the capital increase of AGRIA GROUP HOLDING AD, is enough for the needs of the Holding's structure.

2.3. Risk factors specific to the offered securities

INVESTMENT IN THE COMPANY'S SHARES, SUBJECT TO THE PUBLIC OFFERING, IS RELATED TO A HIGH DEGREE OF RISK. POTENTIAL INVESTORS SHOULD READ CAREFULLY AND UNDERSTAND THE INFORMATION PRESENTED BELOW REGARDING THE RISK FACTORS CHARACTERISTIC OF THE OFFERED SHARES, TOGETHER WITH THE INFORMATION ABOUT RISK FACTORS CONTAINED IN THE REGISTRATION DOCUMENT, AS WELL AS THE WHOLE INFORMATION IN THE PROSPECTUS, BEFORE MAKING A DECISION TO ACQUIRE SHARES ISSUED BY THE COMPANY.

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2.3.1. Price risk

After the possible successful capital increase of AGRIA GROUP HOLDING AD via a Public Offering of Shares from the current issue, their market value will be defined on the basis of supply and demand, and the price of the Shares may rise or fall. These fluctuations of the prices may cause a given security to cost much less at a given moment than at a previous moment. Such dynamic prices are particularly typical of the market of ordinary shares whose stock exchange prices may be subject to abrupt fluctuations in response to publicly disclosed information about the financial results of the Company or about other significant events related to its activity.

2.3.2. Liquidity risk

Liquidity risk arises from the insecurity about the presence of active market demand for the securities of the Company for a certain period of time. Poor liquidity would make it difficult to prevent possible losses or to make capital gains due to the impossibility to sell the Company's Shares.

2.3.3. Inflation risk

The inflation risk is the probability that the general price levels in the economy will rise, as a result of which the purchasing power of the local currency - Leva - will fall. Inflation processes lead to a decrease in the real yield that investors receive. During the last few years, in the conditions of a currency board and a restrictive fiscal policy, inflation in the country has been maintained at a relatively low level and the expectations are for inflation to remain at such levels also in the following years as well.

2.3.4. Currency risk

The currency risk that the Company's Shares carry arises from the fact that they are denominated in Bulgarian Leva. Changes in the exchange rate of the Lev against another currency would change the yield investors expect to receive, compared to the yield they would receive from an investment expressed in another currency. The possible depreciations of the Lev in such a situation would lead to a decrease in the yield from investing in the Company's securities. On the other hand, the decrease in the yield would lead to a decrease in the investors' interest and respectively to a decrease in Share prices. The monetary system functioning in the country, in which the Bulgarian Lev is pegged to the Euro by law, eliminates to a large extent the currency risk and provides for a fluctuation of the Lev with respect to the rest of the international currencies that is subject entirely to the behaviour of the common European currency. The stability and high confidence in the reliability of the currency board in the country, as well as the dominant position of the Euro on the international currency markets, reduces the currency risk to minimum levels.

2.3.5. Risks for the Company's shareholders

The risk of investing in shares is related to the uncertainty and impossibility of accurate forecasting of future effects and influence on the expected return on investments made. The management of various risks – their definition, measuring the extent of their influence, applying measures and techniques to limit and underwrite residual components - represents the main objective in the protection of the investors' interests.

2.3.5.1. No guaranteed payment of annual dividends

Financial results depend on many factors – the skill and professionalism of the management team, the development of the market on which the Company operates, as well as the overall economic development in the country and the region. Furthermore, a decision to distribute profit in the form of dividends is made by the General Meeting of Shareholders of the Company. Investors should bear in mind that it is possible that for a given year the Company makes no profit at all, and even if it does, the General Meeting of Shareholders may not take a decision to distribute it in the form of dividends.

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2.3.5.2. Price risk

The price risk for the Company's shareholders arises from the changes in the price of its Shares, as a result of which shareholders could incur losses from the sale of the securities they possess. The change in Share price depends on the influence of factors that vary in kind and degree – the Company's net asset value, financial results, reputation, demand and supply on the public markets, the economic situation, and perspectives for development of the country, etc. The Company does not guarantee that the prices of the securities it offers will be maintained and will increase their value. It is not going to redeem its securities in order to maintain current market prices.

3. Conflict of Interests

None of the experts, consultants, or intermediaries named in this Prospectus possesses a significant number of Company shares, nor has a significant direct or indirect economic interest in the Company, nor has long-term relations with it. The remuneration of United Bulgarian Bank AD depends on the success of the Public Offering that this document was prepared for. Part of the remuneration of the Investment Intermediary is formed as a percentage of the real amount raised from the Public Offering.

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4. Information about the Securities under the Public Offering

4.1. Securities type and class

The registered share capital of AGRIA GROUP HOLDING AD before the capital increase amounts to BGN 5,100,000 distributed into 5,100,000 registered dematerialized voting shares with a nominal value of BGN 1 (one) each. The Document certifying the entry into the company register of a nominal value of the shares of the Issuer at the amount of BGN 1 (one) is a court decision of the Varna District Court of 11 October 2007 under company file No3875 under the inventory list for 2007, and the change in the type of the shares of Agria Group Holding AD from materialized, registered, voting into dematerialized, registered, voting shares was also entered under the aforementioned court decision. As a result of the entries made into the company register of Varna District Court under the batch file of the Issuer, the Company has been registered with Central Depository AD as Issuer of dematerialized securities, and identification number BG1100085072 was given to the issue of registered shares, and an Issue Registration Act and depository receipts for the shares held by the shareholders were issued by Central Depository AD, Sofia.

Subject to Public Offering are a total of 1,700,000 New Shares from the capital increase of the Company with a par value of BGN 1 each. All Shares of the Company are from the same class giving the same rights to their holders - ordinary dematerialized shares with a right to one vote at the General Meeting of Shareholders, as well as a right to a dividend and a liquidation share in proportion to the interest of each shareholder in the total share capital of the Company.

The Shares are offered for subscription in compliance with a decision of the General Meeting of Shareholders of the Company of 29 September 2007 to increase the capital of the Company by means of a subscription under the Public Offering of Securities Act. The minimum number of subscribed Shares at which the increase will be deemed successful is 1,400,000. The minimum selling price of Shares from the capital increase subject to public Offering is BGN 9 (nine). After the General meeting of Shareholders and according to the authority it has, the Board of Directors determined a price range of 9-13 BGN per share. The final Offering Price (issuing value) of one Share in the execution of the capital increase and the subscription will be determined by the Investment Intermediary after coordination with the Issuer on the basis of the Orders submitted on the Offering Day by means of the Book Building method and the major factor in determining the classification of orders will be the offered price. The final Offering Price of Shares will be determined following the procedure set forth below.

4.2. Applicable legislation concerning securities for international offering

The Company's shares will only be offered in Bulgaria.

4.3. Rights attached to securities and procedure for their exercise

Each Ordinary Share gives a right to one vote at the General Meeting of Shareholders, as well as a right to a dividend and a liquidation share in proportion to the interest of each shareholder in the total share capital of the Company. According to the existing Articles of Association of the Company, the procedure for exercising the rights attached to the Shares is determined by the provisions of the Company Act and POSA and its acts of secondary legislation after the Issuer obtains the status of a public company. AGRIA GROUP HOLDING AD will obtain the status of a public company in accordance with Art. 110, para. 1, item 1, and para. 3 of POSA only in case of a successful capital increase by means of a Public Offering of Shares and after entering the capital increase in the company register. As a result of this, the respective provisions of POSA will also apply with regard to the procedure for exercising the rights attached to the Shares.

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The information presented below complies with the provisions of POSA that will be applicable with regard to the shareholders after the Issuer obtains the status of a public company.

4.3.1. Voting rights

Each Share gives a right to one vote at the Company's General Meeting of Shareholders. After the Company obtains the status of a public company, and in compliance with the provisions of POSA, the right to vote at the General Meeting of Shareholders will be exercised by the persons entered as shareholders in the registers of the Central Depository 14 days before the date of the General Meeting. (A purchaser of Shares entered in the register of the Central Depository on the 13th day before the General Meeting will not be able to vote; the voting right of these Shares can be exercised by their former holder). The Central Depository presents a list of shareholders as of the above mentioned date (14 days before the General Meeting) to the Company. The fact that a person is on this list is a sufficient condition for the person to take part in the General Meeting and to exercise his/her voting right after he/she has duly proved his/her identity (by means of a personal identification card for individuals persons; by means of a certificate of good standing of shareholders who are legal entities, and respectively by means of proving the identity of their representatives). The holders of voting rights participate in the General Meeting personally or by a representative authorized by an express power of attorney certified by a notary public under Art. 116, para. 1 of POSA.

4.3.2. Right to a dividend

Each Share gives a right to a dividend in proportion to its share of the total number of Shares of the Company. Dividends are distributed on the basis of a decision of the General Meeting of Shareholders, in keeping with the requirements and limitations under Art. 247a of the Company Act. After the Issuer obtains the status of a public company, the distribution of dividends will be carried out in compliance with the provisions of POSA. The right to dividend shall apply to the persons entered as shareholders in the registers of the Central Depository on the 14th day after the date of the General Meeting of Shareholders on which the annual financial statement has been adopted and a decision to distribute profit has been taken. The Central Depository presents to the Company a list of shareholders as of the above mentioned date. The fact that a person is on this list is a sufficient condition for the person to receive a dividend after he/she has duly proved his/her identity (see above in *Voting rights*). According to Art. 115c, para. 5 of POSA, the Company is liable to pay the dividend to the shareholder within three months after the General Meeting of Shareholders. Persons holding the right to a dividend can exercise this right within the five-year prescription period, after which the right will lapse and the dividends that have not been claimed will remain with the Company. Costs associated with the payment of dividends shall be at the expense of the Company.

According to the provisions of Art. 46 of the Articles of Association of the Company adopted by a decision of the General Meeting of Shareholders on 29 September 2007 which is to be entered in the company register after the closing of the subscription of the Public Offering of Shares from the capital increase simultaneously with the increase itself, the following terms and procedure for paying out dividends have been provided for. The size of the dividends is to be determined annually by the General Meeting of Shareholders in compliance with the requirements of the law. The size of the due dividend per Share is determined in the decision of the General Meeting. A right to receive dividends is held by the persons entered in the registers of Central Depository AD as shareholders on the 14th day after the date of the General Meeting on which the annual financial statement was adopted and a decision to distribute profit was taken. Central Depository AD issues a list of these persons. The Company is liable to immediately inform FSC, Central Depository, and the regulated market about the decision of the General Meeting regarding the type and the size of the dividend, as well as about the terms and procedure for its payment. According to Art. 115c, para. 5 of POSA the Company is liable to ensure the payment of the dividend voted on the General Meeting to the shareholders within three months from the date it was held. The payment of the dividend is executed with the assistance of the Central Depository.

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4.3.3. Right to a liquidation share

Each Ordinary Share gives a right to a pro-rata liquidation share. This right is conditional - it arises and can be exercised only if (and as far as), after satisfying the claims of all creditors in case of a liquidation of the Company, there is remaining property that could be distributed among the shareholders, and up to the amount of that property.

Each Share also entitles its holder to additional rights, as follows:

- The right to acquire Shares from the capital increase of the Company proportionate to the shareholder's interest in the capital before the increase;
- The right of the shareholder to participate in the Company's management, to elect and be elected into the management bodies;
- The right to information about the activity of the Company.

4.4. Decisions, permits, approvals, and agreements related to the Offering of Shares

On 28 September 2007 the General Meeting of Shareholders of AGRIA GROUP HOLDING AD adopted a decision to change the type of Shares from materialized to dematerialized and to change their par value from BGN 100 to BGN 1. On 29 September 2007 the General Meeting of Shareholders of AGRIA GROUP HOLDING AD adopted a decision to increase the capital by 1,700,000 New Shares with a par value of BGN 1 each, and a minimum selling price of the Shares from the increase of BGN 9.00. After the General meeting of Shareholders and according to the authority it has, the Board of Directors determined a price range of 9-13 BGN per share. The final Offering Price (issuing value) of one Share in the execution of the capital increase and the subscription will be determined by the Investment Intermediary after coordination with the Issuer on the basis of the Orders submitted on the Offering Day by means of the Book Building method and the major factor in determining the classification of orders will be the offered price. In compliance with the requirements of the Company Act, the issuing value cannot be less than the par value of the Shares. By virtue of Art. 194, para. 4 of the Company Act, the General Meeting of Shareholders adopted a decision to increase the capital in the indicated manner, having revoked the right of the existing shareholders under Art. 194, para. 1 of the Company Act to acquire part of the New Shares proportionate to their interest in the capital before the increase.

The allocation of New Shares will be done upon a decision of the Investment Intermediary after coordination with the Issuer. According to the decision of the General Meeting of Shareholders on the capital increase and according to the sales agreement, if on the Allocation Date there are less than 1,400,000 New Shares from the capital increase of the Issuer that have been subscribed for/allocated, then the Offering will be cancelled.

4.5. Procedure for the transfer of securities

The Articles of Association of AGRIA GROUP HOLDING AD do not stipulate limitations or other conditions for the transfer of shares. The transfer of shares becomes effective from the moment of its registration by Central Depository AD. In case of a successful completion of the Public Offering, the capital increase will be entered in the company register and the Issuer will obtain the status of a public company starting from the entry of the increase. Within a seven-day period from the entry of the capital increase in the company register, the Issuer is to submit documents for entering the Company in the register as public under Art. 30, para. 1, item 3 of the Financial Supervision Commission Act (FSCA). By the decision for entering the Company in the Register as public under Art. 30, para. 1, item 3 of the FSCA its entire capital registered with the court, including the newly issued shares from the capital increase, is also to be entered, after which the Issuer is to submit the Share issue, as well as all other shares from its registered capital, for trading on the regulated market of securities BSE – Sofia AD. The Shares. Purchase and sale of the Company's Shares will be carried out only at BSE – Sofia AD via an Investment Intermediary under the terms and procedure of POSA, the acts of secondary legislation pertaining to its

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implementation, the rules of BSE-Sofia AD, and the rules of Central Depository AD. After concluding the stock exchange transaction for the transfer of the Company's Shares, the Investment Intermediary performs the necessary actions for the registration of the transaction with Central Depository AD and its settlement (transfer of the Shares from the account of the seller to the account of the purchaser and the crediting of the account of the seller with the price of the securities).

The rights bestowed by the Shares subject to Initial Public Offering are not and can not be limited by rights bestowed by another type of securities, or by the provisions of another contract or document.

4.6. Legal regulations pertaining to the issue that are material to the investors

Matters that are important for the investors with relation to the Public Offering of Shares of the Company are stipulated in the following legislative acts: Public Offering of Securities Act; Company Act; Ordinance No 2 of 17.09.2003 on the Prospectuses for Public Offering and Admission of Securities to Trading on a Regulated Market and on the Disclosure of Information by Public Companies and Other Issuers of Securities; Corporate Income Tax Act; Personal Income Tax Act; Currency Act, Regulation EC No 809/2004. The basic legislative acts applicable with respect to the Company's Shares are POSA and the Company Act. The Company Act contains general provisions regarding joint-stock companies, and POSA – special provisions regarding public companies.

The provisions of POSA and the Ordinance on the Disclosure of Interest in Public and Investment Companies stipulate the requirements for disclosure of significant interest in the Company. The Company's transactions with own shares are provided for in Art. 111, para. 5, 6, and 7 of POSA, and in the Company Act. The mandatory tender offerings are stipulated in Art. 149b, Art. 150 – 157a of POSA, in the Ordinance on the Requirements to the Contents of the Rationale of the Price of the Stocks of a Public Company, Including to the Application of Valuation Methods, in Cases of Transformation, Common Enterprise Agreement and Tender Offering, as well as in Ordinance No 13/22.12.2003 on Tender Offering for Purchase and Exchange of Shares. The Company has not been a subject of tender offers. The conditions for the deletion of companies from the register of public companies and other issuers of securities under Art. 30, para. 1, item 3 of the FSE Act are stipulated in Art. 119 of POSA and in Ordinance 22 of 29 July 2005 on the Terms and Procedure for Entering and Deletion of Public Companies, Other Issuers of Securities, and Issues of Securities in the Register of the Financial Supervision Commission.

As of the date of the preparation of this Prospectus, no data and/or information exists containing an indication of the existence of offers for a mandatory merger and/or rules for a forced redemption or sale with regards to the securities/shares of the Company.

5. Subscription and Sale of Shares, Conditions, and Term

Shares from the capital increase of AGRIA GROUP HOLDING AD are being publicly offered.

AGRIA GROUP HOLDING AD has been established by means of a change in its legal form within the meaning of Art. 264 and the following of the Company Act from a limited liability company AGRIA GROUP HOLDING to a joint-stock company with the same name. The joint-stock company was registered and entered in the Commercial Register by a decision of 28 August 2007 under company file No 3875/2007 under the inventory list of Varna District Court, by which decision the termination of the transformed limited liability company was entered as well, and the name of the newly registered joint-stock company is AGRIA GROUP HOLDING AD.

The Company is registered with Central Depository AD as an Issuer of dematerialized securities, and identification number BG1100085072 was given to the issue of registered shares, and an Issue Registration Act and depository receipts for the shares held by the shareholders were issued by Central Depository AD, Sofia.

All Shares issued by the Company have been paid in full.

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Subject to Public Offering are up to 1,700,000 ordinary Shares from the capital of AGRIA GROUP HOLDING AD, each with a nominal value of BGN 1 (one), offered for subscription in accordance with a decision by the General Meeting of Shareholders of the Company of 29 September 2007 to increase the capital of the Company by means of a subscription under the Public Offering of Securities Act. The minimum number of subscribed Shares at which the increase will be considered successful is 1,400,000. The minimum selling price of the Shares from the capital increase subject to Public Offering is BGN 9 (nine). After the General meeting of Shareholders and according to the authority it has, the Board of Directors determined a price range of 9-13 BGN per share. The final Offering Price (issuing value) of one Share in the execution of the capital increase and the subscription will be determined by the Investment Intermediary after coordination with the Issuer on the basis of the Orders submitted on the Offering Day by means of the Book Building method and the major factor in determining the classification of orders will be the offered price.

5.1. Submitting and satisfying Purchase Orders for the Offered Shares

The Offering is carried out in the Republic of Bulgaria. Addressees of the Offered Shares can be all local and foreign persons, except in the cases when this will constitute a breach of the applicable legislation. Foreign investors who are not local persons and intend to acquire Offered Shares must acquaint themselves with the applicable legislation in their jurisdictions.

GENERAL INFORMATION

Subscription Orders for New Shares (hereinafter referred to generally as Purchase Orders or just Orders) will be accepted by the Investment Intermediary from 9:00 to 16:00 hrs. within the term for subscription at the following offices:

- United Bulgarian Bank AD, Investment Banking Department, 9 Todor Alexantrov Blvd. tel.: +359 2 811 3753, +359 2 811 3751, telefax: 0359 2 811 3759, e-mail: dimitrova_k@ubb.bg; matev_v@ubb.bg; and

- at the following UBB AD offices:

Alexander Nevsky– Sofia, 1-3 Oborishte Str.; Business Park – Sofia, Mladost 4 Residential District; Borovo – Sofia, 76 Gotse Delchev Str.; Vitosha – 1000 Sofia, 20 Vitosha Blvd.; Dondukov – Sofia, 27 Dondukov Blvd.; Dragan Tsankov – 1113 Sofia, 2 Nikolay Haytov Str.; Ivan Vazov – 1408 Sofia, 99 Vitosha Blvd., Bl. 55; Interpred – 1421 Sofia, 36 Dragan Tsankov; Iskar – 1528 Sofia, 2 5006th Str.; Kn. Maria- Louisa – 1202 Sofia, 70 Kn. Maria- Louisa Blvd.; Airport – 1540 Sofia, Airport; Lozenets – 1407 Sofia, 20-22 Zlaten Rog Str.; Lyulin – Sofia, 28 Dz. Neru Str.; Mladost – 1799 Sofia, 18 Alexander Malinov Str.; Nadezhda – Sofia, Nadezhda Residential District, Lomsko Shose Blvd., bl. 172; Oborishte – 1505 Sofia, 123 Oborishte Str.; Rakovsky – 1000 Sofia, 108 Rakovsky Str.; Rusky Pametnik – 1606 Sofia, 44 Makedonia Blvd.; Sveta Sofia – 1040 Sofia, 7a Sveta Sofia Str.; Sky City – Sofia, 52 Kosta Lulchev Str.; Stamboliysky – Sofia, 114 Al. Stamboliysky Blvd.; Studentsky Grad – 1700 Sofia, Studentsky Grad, 1 Acad. Boris Stefanov Str.; Technopolis – 1715 Sofia, Mladost 4 Residential District; Todor Alexandrov – Sofia, 9 Todor Alexandrov Blvd.; Univesiada – Sofia, 23 Shipchensky Prohod Blvd.; Fridtjof Nansen – 1202 Sofia, 9 Fridtjof Nansen; Tsar Boris III – 1618 Sofia, 1 Sofiysky Geroy Str.; Tsar Osoboditel – 96 G. S. Rakovsky Str.; Shipka - 1504 Sofia, 34 Shipka Str.; Samokov - 2000 Samokov, 37 Makedonia Blvd.; Bansko – 2770 Bansko, 7 Pirin Str.; Blagoevgrad – 2700 Blagoevgrad, 23 Todor Alexandrov Str.; Gotse Delchev – Gotse Delchev, 32 Targovska Str.; Dupnitsa – 2600 Dupnitsa, 1 Svoboda Sq.; Kyustendil – 2500 Kyustendil, 1 Democratsia Sq.; Pernik – 2300 Pernik, 5 Krakra Sq.; Petrich – 2850 Petrich, 1 Gradski Ploshtad Str.; Razlog - 2760 Razlog, 6 Sheynovo Str.; Sandansky – 2800 Sandansky, 37 Svoboda Blvd.; Antim I, Plovdiv – 4000 Plovdiv, 7 Antim I Str.; Asenovgrad – 4130

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Asenovgrad, Bulgaria Sq.; Batak - 4580 Batak, 2 Osvobozhdenie Sq.; Belovo – 4470 Belovo, 5 Orfey Str.; Velingrad – 4600 Velingrad, 1 Alexander Stamboliysky Blvd.; Gladstone, Plovdiv – 4000 Plovdiv, 7 Gladstone Str.; Dimitrovgrad – 6400 Dimitrovgrad, 18 G. S. Rakovsky Blvd.; Ivaylovgrad – 6970 Ivaylovgrad, 58 Georgy Dimitrov Str.; Kardzhaly – 6600 Kardzhaly, 1 Benkovsky Str.; Lyubimets – 6550 Lyubimets, Trety Mart Sq.; Momchilgrad - 6800 Momchilgrad, 1 Kokiche Str.; Pazardzhik – 4400 Pazardzhik, 2 11th August Str.; Panagyurishte – 4530 Panagyurishte, 1 P. Bobekov Str.; Peshtera – 4550 Peshtera, 65 Mihail Takev Str.; Pirdop – 2070 Pirdop, T. Vlaykov Sq., bl. 61, Plovdiv – 4000 Plovdiv, 2 Parchevich Str.; Paldin, Plovdiv – 4000 Plovdiv, 23 Bulgaria Blvd.; Smolyan - 4700 Smolyan, 20 Dicho Petrov Str.; Svilengrad – 6500 Svilengrad, 91 Bulgaria Blvd.; Trakia – 4023 Plovdiv, Trakia Residential District, 49 Saedinenie Str.; Haskovo – 6300 Haskovo, 2 Hristo Botev Str.; Aytos - 8500 Aytos, 15 Slavyanska Str.; Boruy – 6000 Stara Zagora, 69 Tsar Simeon Veliky Blvd.; Burgas – 8000 Burgas, 2 Ferdinandova Str.; Vassil Aprilov, Burgas – 8000 Burgas, 2 Vassil Aprilov Str.; Simeon Veliky, Burgas; Diana – 8600 Yambol 29 Targovska Str.; Elhovo – 8700 Elhovo, 7 Slavyanska Str.; Kazanlak – 6100 Kazanlak, 2 Acad. P. Staynov Str.; Nova Zagora– 8900 Nova Zagora, 2 Svoboda Sq.; Pomorie – 8200 Pomorie, 5 Solna Str.; Radnevo – 6260 Radnevo, 6 G. Dimitrov Blvd.; Sliven—8800 Sliven, 26 Tsar Osvoboditel Sq.; Sozopol – 8130 Sozopol, 11a Apolonia Str.; Stara Zagora – 6000 Stara Zagora, 50 Rusky Blvd.; Trayana – 6000 Stara Zagora, 133 Tsar Siemon Veliky Blvd.; Yambol – 8600 Yambol, 34 G. S. Rakovsky Str.; Bregalnitsa – 9000 Varna, Studentsko Obshtezhitie, Bregalnitsa Str.; Varna – 9000 Varna, 77 Osmy Primorsky Polk Blvd.; Veliky Preslav – 9850 Veliky Preslav, 70 B. Spirov Str.; Vladislav Varnenchik – 9000 Varna, 12 Vladislav Varnenchik Str.; Dobrich – 9300 Dobrich, 5 Svoboda Sq.; Dulovo - 7650 Dulovo, 19 Vassil Levsky Str.; Ispereh – 7400 Ispereh, 79 Vassil Levsky Str.; Kaspichan – 9930 Kaspichan, 40 G. Dimitrov Str.; Varna - 9000 Varna, 3 Mihail Kolony Str.; Odesos – 9000 Varna, 106 Vladislav Varnenchik Blvd.; Omurtag – 7900 Omurtag, 3 Antiml Str.; Popovo – 7800 Popovo, 15 Tsar Osvoboditel Str.; Razgrad – 7200 Razgrad, 4 Sv. Sv. Kiril y Medodiy Str.; Silistra – 7500 Silistra, 1 Dobrudzha Str.; Targovishte – 7700 Targovishte, 47 P. R. Slaveykov Str.; Shumen - 9700 Shumen, 128 Tsar Osvoboditel Str.; Apriltsy - 5643 Apriltsy, 102 Vassil Levsky Str.; Borisova – 7001 Russe, 120 Borisova Str.; Byala – 7100 Byala, 7 Ekzarh Yosiv Str.; Vassil Levsky, Veliko Tarnovo – 5000 Veliko Tarnovo, 29 Vassil Levsky Str.; Veliko Tarnovo - 5000 Veliko Tarnovo, 3 Hr. Botev Str.; Vazrazhdane – 7000 Russe, 60 Trety Mart Str.; Gabrovo – 5300 Gabrovo, 1 Raycho Karolev Str.; Gorna Oryahovitsa – 5100 Gorna Oryahovitsa, 2 Patriarh Evtimiy Str.; Dve Mogily – 7150 Dve Mogily, 2 Stoyan Terziev Str.; Dryanovo – 5370 Dryanovo, 105 Shipka Str.; Levsky – 5900 Levsky, 6 Svoboda Sq.; Lovech – 5500 Lovech, G. M. Dimitrov Sq.; Pleven – 5800 Pleven, 1 Vassil Levsky Str.; Prista, Russe – 7000 Russe, 11 Alexandrovska Str.; Russe – 7000 Russe, 5 Atanas Burov Str.; Svishtov – 5250 Svishtov, 8A A. Konstantinov Str.; Sevlievo – 5400 Sevlievo, 15 Nikola Genev Str.; Storgozia – 5800 Plven, 80 Vassil Levsky Str.; Teteven – 5700 Teteven, 1 Sava Mladenov Sq.; Troyan – 5600 Troyan, 1 Krayrechna Str.; Tryavna – 5350 Tryavna, 116 Angel Kanchev Str.; Varshets – 3540 Varshets, 70 Republica Str.; Belogradchik – 3900 Belogradchik, 2 Vazrazhdane Sq.; Berkovitsa – 3500 Berkovitsa, 1 Dr. Ivan Panov Str.; Byala Slatina – 3200 Byala Slatina, 58 Kl. Ohridsky Str.; Vidin – 3700 Vidin, Tsar Alexander II Str., Bl. 6/7; Vratsa – 3000 Vratsa, 2 Lukashov Str.; Kozloduy – 3320 Kozloduy, 4 Istar Sq.; Lom – 3600 Lom, 38 Slavyanska Str.; Mezdra – 3100 Mezdra, 33 Hristo Botev Str.; Montana- 3400 Montana, 6 Graf Ignatiev Str.; Oryahovo – 3300 Oryahovo, 1 V. Levsky Str.

Investors may submit Orders in person or through a proxy, as well as through other investment intermediaries.

The opening date of the Offering is the date of the promulgation of the Public Offering notice in *The State Gazette* and its publication in one national daily newspaper. The term of the Offering includes:

- The period in which Purchase Orders can be submitted,
- The day in which the Offering Price is announced, the allocation list for the Offered Shares is prepared, and the investors on that list are notified, and
- The deadline for paying the price of the Shares subscribed for and purchased.

Share Purchase Orders will be accepted during three business days, every day from 09:00 to 16:00 hrs., the first day on which this period starts or Purchase Orders are accepted being the first business day after

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the end of the seven-day period from the date of the promulgation of the Public Offering notice in *The State Gazette* or its publication in one central daily newspaper, whichever comes first. Therefore, if the promulgation and the publication have been made on different dates, the seven-day period under the previous sentence starts on whichever date is later. The final Offering Price (issuing value) of one Share in the execution of the capital increase and the subscription will be determined by the Investment Intermediary after coordination with the Issuer on the basis of the Orders submitted on the Offering Day by means of the Book Building method and the major factor in determining the classification of orders will be the offered price. The Offering Price will be determined by the Investment Intermediary after coordination with the Issuer by the end of the first business day following the last business day for accepting Purchase Orders. Within the same period the Investment Intermediary will prepare an allocation list for the Offered Shares and will notify the investors on that list. The deadline for paying the Offering Price of the Shares subscribed for and purchased will be by the end of the third business day after the announcement of the Offering Price and the allocation list for the Offered Shares.

Two kinds of Purchase Orders can be submitted:

- (a) A Limited Order is an Order for the subscription (purchase) of Shares at the price per Share given in it. Limited Orders can be fulfilled in whole or in part; and
- (b) A Market Order is an Order for subscription for Shares that contains only a total value in BGN or a total number of Shares wanted for subscription, and can be fulfilled in whole or in part.

The submission of a Purchase Order will be considered a confirmation that the investor:

- Has read the Prospectus and has accepted the terms and conditions of the Offering;
- Agrees to have less Offered Shares allocated to him/her than the number indicated in the submitted Purchase Order, or to have no Offered Shares allocated to him/her, in compliance with the terms and conditions set forth in this document;
- Agrees to pay the amount equal to the number of allocated Offered Shares multiplied by the Offering Price, together with all fees and commissions related to the Offering, in compliance with the instructions of the Investment Intermediary
- Agrees that if by the end of Last Day for Payment the amount owed for the Offered Shares allocated to him/her has not been paid into the fundraising account, the Shares will not be acquired by the investor and he/she cannot make claims to the Investment Intermediary or the Issuer in relation to this.

The investor cannot withdraw a submitted Order but has the right to refuse the requested Shares in the cases under the terms and procedure of the Public Offering of Securities Act.

5.1.1. Data and documents necessary for the submission of an Order

Purchase Orders are submitted at the above mentioned offices of the authorized Investment Intermediary in person by the investor or through a proxy. Purchase Orders (filled in and signed by the investor) can be submitted also through another licensed investment intermediary who has to present them to the Investment Intermediary within the term for Order submission indicated in this Prospectus.

Content of the Orders

The Orders will contain the following minimum information:

- Full name, EGN, permanent address, respectively company name, company identification number (BULSTAT), registered office and address of the investor and his/her representative, and if the investor is a foreigner – the analogous identification data, including personal/insurance number for individuals persons, and a registration number or another analogous number for legal entities;
- Issuer (AGRIA GROUP HOLDING AD) and ISIN code of the issue;
- In case of a Limited Order - Offered Price per Share and total value of the Order; in case of a Market Order – total value of the Order or total number of Shares;
- Date, time, and place of submission of the Order;

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- Signature of the person submitting the Order, or his/her legal representative or proxy. The Investment Intermediary has the right to prepare Order forms with the indicated contents and demand that they be filled in.

Annexed Documents

The Order has to have attached to it, as a minimum, the documents indicated below, in compliance with the instructions of the Investment Intermediary and the other licensed investment intermediaries by which the Orders are submitted:

- for Bulgarian legal entities – a copy of their Certificate of Good Standing signed off by their lawful representative, issued no earlier than three months before the date of submission of the Order, and copies of the company's BULSTAT registration document;
- for foreign legal entities – a copy of their registration (or another identical certifying document proving the existence/ incorporation of the entity) in the respective language containing the full name of the legal entity, date of issue, and address of the legal entity; names of the persons authorized to represent it, accompanied by a translation of these documents into Bulgarian or English;
- for Bulgarian individuals persons – a copy of their personal identification document certified by them;
- for foreign individuals persons – a copy of the pages of their passport containing information about their full name; number of the passport; date of issue (if there is such in the passport); date of expiry (if there is such); nationality, address (if there is such in the passport), and a copy of the pages of the passport containing other information and a picture of the person, as well as a translation of these documents into Bulgarian or English;
- information about the investor's bank account into which sums are to be paid back in case the Order is partially satisfied or the Offering is cancelled.

Investors submit the Orders in person or through their lawful representatives. The Order can also be submitted through a proxy who is to prove his/her identity by a personal identification document and an express power of attorney certified by a notary public, respectively attaching also the documents regarding the authorizing investor enumerated above.

The Order can also be submitted through a licensed investment intermediary whose client is the investor wishing to acquire Offered Shares. In this case the respective investment intermediary presents to the authorized Investment Intermediary the Order signed by the client or respectively by his/her proxy, together with the appendices indicated above, and/or a duly certified Summary Order prepared on the basis of a form determined by the Investment Intermediary in advance and following the Intermediary's instructions. In these cases it is not necessary to present to the Investment Intermediary a power of attorney pertaining to the authorization of the other investment intermediary by the client.

The authorized Investment Intermediary, as well as the other licensed investment intermediaries through which Orders are submitted in compliance with the legal regulations, general terms and conditions, and practices pertaining to their activity, have the right to reject Orders if they are not satisfied with the type, form, validity, appendices, and other circumstances related to the documents presented to them. The Investment Intermediary and the other licensed investment intermediaries have the right, in certain cases, to accept Orders even without all the required appendices when the information that would have been verified by the unsubmitted documents is known to them from another source and they have no reasons to doubt the current validity of the information thus known to them.

5.1.2. Book building and allocation

Determining and announcing the Offering Price

The final Offering Price (issuing value) of one Share in the execution of the capital increase and the subscription will be determined by the Investment Intermediary after coordination with the Issuer on the basis of the Orders submitted on the Offering Day by means of the Book Building method and the major factor in determining the classification of orders will be the offered price. The Offering Price will be determined by the Investment Intermediary with the consent of the Issuer and taking into account the

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factors under 5.5. *Price*. During the process of book building the Investment Intermediary will receive the Purchase Orders from potential investors – see *Submission of Purchase Orders*. When determining the Offering Price, the Investment Intermediary will take into account a number of factors, including the level and character of the demand for Shares, the market prices of securities of companies that have a scope of activity similar to the activity of the Issuer, the predominant market conditions, and the intention of the Issuer to guarantee the desired degree of oversubscription and the achievement of a liquid stock exchange trading in the Shares.

The Issuer will issue up to 1,700,000 New Shares.

The Offering Price and the number of the Offered Shares subscribed for and submitted during the Offering are expected to be announced and published, including via the Internet, as indicated below, by the end of the first business day after the day in which Purchase Orders are accepted.

This information will be available from the date of the announcement also at the office of United Bulgarian Bank AD, Investment Banking Department, 9 Todor Alexandrov Blvd., tel.: +359 2 811 3753, +359 2 811 3751.

Allocation of the Offered Shares

Based on the received Purchase Orders and on consultations with the Issuer, and taking into account the factors for determining the Offering Price, the Investment Intermediary will prepare an allocation list containing the names of the investors, and respectively investor intermediaries through whom the Orders have been submitted and the number of Offered Shares allocated to each of them. The number of these Offered Shares will be determined individually, as well as depending on the type of the Order. Investors who, in a Limited Order, have determined a price per Share lower than the Offering Price will not be able to purchase Offered Shares. Investors who, in a Limited Order, have stated a price equal or higher than the Offering Price, and respectively investors who have submitted a Market Order for a given sum, will be able to receive the largest amount of Shares equal to the total stated sum divided by the Offering Price. Investors who have submitted a Market Order for a certain number of Shares will be able to receive such a number of Shares which conforms to a range of factors, including, but not exclusively, the proportion of the total number of requested Shares for subscription and the total number of the offered New Shares. The Investment Intermediary does not guarantee that investors who have submitted a Market Order for a particular number of Shares will receive the same total number of Shares during the allocation as requested. No partial Shares will be allocated.

The Investment Intermediary retains the right to allocate less Offered Shares than the number determined in the Purchase Order by the investor, or not to allocate Offered Shares at all, without giving a reason for that.

When ranking the submitted Orders and the number of Shares allocated to them, the Investment Intermediary and the Issuer have an unlimited discretion and are in no way required to provide reasons and/or grounds for their actions and decisions.

The Investment Intermediary will notify the investors on the allocation list by sending messages in case of an agreement with the respective investors or, as the case may be, with the other licensed investment intermediary acting on the account of the investor. The messages will be sent to the addresses given in the Order, as well as to other addresses of the investors on the allocation list known to the Investment Intermediary, by the end of the first business day after the day for submitting the Orders at the latest. The messages can also be received by the investors at the places indicated above, where they submitted the Order. Detailed results from the Book Building will not be disclosed. The Allocation List will not be announced publicly nor will it be disclosed in any way, except under the terms and conditions and to the persons and institutions indicated by law.

5.1.3. Payment of the Offered Shares

According to the requirements of the Measures against Money Laundering Act, the Investment Intermediary, as well as the banks and the other financial institutions that accept and/or execute payment transfers, are obliged or, in certain cases, have the right to identify the investors and to collect, record, and

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disclose to the respective state authorities information regarding the executed transfers and the origin of the money, in compliance with the requirements of the law and their internal applicable rules. In case a Purchase Order has been submitted by an investment intermediary, the money transfer may also be executed by the respective investment intermediary for the account of the investor who is their client.

Forms of Payment

Payment for the Offered Shares will be executed by a bank transfer or in cash according to the agreement between the investor and the Investment Intermediary or the respective other investment intermediary via which the Order was made. The payment document has to contain data with at least the name of the investor, and respectively the investment intermediary acting for the account of the investor, and about the total number of allocated Shares that are being paid for, as well as other data in compliance with the instructions of the Investment Intermediary .

Payment Deadline. Fundraising Account

The deadline for receiving payments for the allocated Shares into the fundraising account is no later than the end of the third business day after the day of the announcing of the Offering Price. The payment will be deemed executed from the day on which the fundraising account was credited with the respective sum. The fundraising account has been opened in the name of AGRIA GROUP HOLDING AD at United Bulgarian Bank AD, Central Branch, IBAN BG08UBBS80025031031020, bank code (BIC) UBBSBGSF. The number of the fundraising account can be obtained at any time from the Investment Intermediary. If a payment into the fundraising account has not been received or has only been partially received by the end of the payment period, the selected Order may be fulfilled partially within the executed partial payment, or respectively it may be rejected if no payment has been received or the Investment Intermediary decides not to fulfill the selected Order for which a partial payment has been received.

According to the law, the cash paid into the fundraising account is blocked and can not be used by the Issuer before the capital increase has been entered into the company register, and if the Offering is unsuccessful, it is to be returned to the investors under the terms and procedure set forth further down in this Prospectus.

After the capital increase of AGRIA GROUP HOLDING AD has been entered into the company register, the funds in the fundraising account of the Company will be unblocked and will be placed at the disposal of the Company. The trading in New Shares at the stock exchange will start simultaneously with the trading in the existing shares, namely from the first date of trading determined by the Board of Directors of the Bulgarian Stock Exchange – Sofia AD.

5.1.4. Delivery of the Offered Shares and admission to trading

Immediately after entering the capital increase in the company register and if the legal procedures have been complied with, the Issuer will apply before the Central Depository for registration of the New Shares into the investors' accounts, as well as before the Financial Supervision Commission for entering the Company and its Shares into the register of public companies it keeps. Immediately after the last registration the Issuer and/or the Investment Intermediary will apply before the BSE – Sofia AD for the Shares to be admitted to trading and will offer to the Board of Directors of the stock exchange that the starting share price of trading be the Offering Price. Trading in Shares may start on the date determined by the Board of Directors of the BSE – Sofia AD.

The certifying documents for the New Shares are to be obtained immediately after the registration of the New Shares with the Central Depository by the investors in person or by the persons authorized by them by an express power of attorney certified by a public notary, at the address of the Investment Intermediary in Sofia, United Bulgarian Bank AD, Investment Banking Department, 9 Todor Alexandrov Blvd., tel.: +359 2 811 3753, +359 2 811 3751 and/or from the investment intermediaries via which the Purchase Orders were submitted.

5.1.5. Publishing the results of the Offering

Seven days after the Allocation Date, the Issuers will inform the FSC and the BSE about the results from the Offering, together with the total number of Offered Shares subscribed and paid for. This information will be published in the Pari Daily Newspaper as well as on the Internet page of the Issuer. The FSC and the BSE will be notified and publications will be made immediately in the manner described above

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regarding the entering of the capital increase in the company register, the opening of accounts for the New Shares at the Central Depository, and the admission to trading on the BSE – Sofia AD.

5.1.6. Cancellation and postponement of the Offering

The Issuer retains the right, after consulting the Investment Intermediary, to cancel or to postpone the Offering under the terms and conditions below without giving a reason for that. The Board of Directors of the Issuer takes a decision to cancel or postpone the Offering and the Issuer is obliged to notify the FSC, BSE, and the investors about this immediately but not later than the next business day after taking the decision, making the respective publications in the way described above in *Publishing the results of the Offering*.

In accordance with the decision by the General Meeting of Shareholders of the Issuer, on its capital increase by means of offering New Shares, if there are less than at least 1,400,000 New Shares subscribed (allocated) and paid for, the Offering will be cancelled. The Issuer announces this circumstance in the public announcement of the results of the Offering indicated above (see *Publishing the results of the Offering*). Up to and including the Allocation Date at the latest, the Offering may be cancelled or temporarily suspended for a term up to March 2008, and in case of certain adverse events, including force majeure events, that are important for the success of the Offering (for example, a financial market crash, terrorist acts, natural disasters, etc.)

In case the Public Offering is unsuccessful or the capital increase is not entered in the company register under the batch file of the Company, the funds raised in the fundraising account of the Issuer will be returned to the investors' bank accounts, indicated in the submitted Order for this purpose, within 5 (five) business days from the suspension of the Public Offering, or from the refusal of the respective competent authorities to enter the capital increase in the company register.

As of the date of this document the Issuer has not arranged for investment intermediaries to take upon themselves the obligation to provide liquidity to the issue by means of buy and sell quotations.

As of the date of this document there are no holders of securities that are sellers at the Public Offering.

5.2. Settlement of share transactions

Clearing and Settlement Procedure in Connection to the Offering

After entering the capital increase and the New Shares into the company register, the issue of New Shares will be registered with the Central Depository and the investors' accounts will be credited with the New Shares allocated to and paid by them respectively. Subsequent trading in Shares will be carried out in accordance with the rules of the BSE and the Central Depository described in the section called *Secondary trading of Shares*.

Cancellation of the Pre-emptive Rights to Subscription for Shares of the Existing Shareholders

According to the decision by the General Meeting of Shareholders, the capital increase is executed via a Public Offering of New Shares (subscription). Owing to this, the General Meeting of Shareholders has taken a decision to cancel the pre-emptive right of the existing shareholders to acquire part of the New Shares proportionate to their interest in the capital before the increase. In this capital increase via issuing New Shares no rights will be issued within the meaning of §1, item 3 of the Additional Provisions of POSA since AGRIA GROUP HOLDING AD will acquire a status of a public company after a successful capital increase and its entry in the company register.

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5.3. Plan for the Allocation of Securities

After the potential FSC approval of this Securities Note, as well as of the other parts of the Prospectus, all groups of investors classified for the purposes of POSA in §1 of the Additional Provisions of POSA can participate on an equal basis in the Public Offering of Shares. These groups of investors are:

- ***Non-professional investors*** – persons who, for their own account, risk cash or other property rights by acquiring, holding, or transferring securities without having the necessary qualification or experience for this;
- ***Institutional investors*** – banks that do not act as investment intermediaries, investment companies, insurance companies, pension funds, or other companies whose scope of activity requires acquiring, holding, and transferring securities.

The Offering is only executed on the territory of the Republic of Bulgaria.

Indication Whether Shareholders with a Significant Stake or Members of the Management and Supervisory Bodies of the Issuer Intend to Acquire Offered Securities and Whether Any Person Intends to Acquire More than 5 Percent of the Offered Securities, as far as the Issuer is Aware of This.

As far as the Issuer is aware, the major shareholders, as well as the members of the Board of Directors, do not intend to acquire offered securities. The Issuer does not have information on whether any of the potential investors intend to acquire more than 5 percent of the Offered Shares.

5.4. Organization of the Public Offering of Securities:

The Offering will be executed only on the territory of the Republic of Bulgaria.

The following institutions are coordinators participating in the process of the Offering:

- Central Depository AD, with a registered office and business address: 10 Tri Ushi Str., floor 4, 1000 Sofia;
- United Bulgarian Bank AD, with a registered office and business address: 5 Sveta Sofia Str., Sofia, in which the fundraising account for the payment for the Offered Shares has been opened.

There are no persons that would underwrite or guarantee the Offered Shares.

United Bulgarian Bank AD, Sofia, is the Investment Intermediary authorized by the Issuer who services the capital increase of the Issuer and acts as a sales agent with the commitment to use its best efforts for the sale of the offered 1,700,000 New Shares. United Bulgarian Bank AD has no obligation to act as an underwriter of the Offered Shares.

5.5. Price

Offering Price, Method and Criteria for Determining It

The minimum selling price of Shares from the capital increase subject to Public Offering is BGN 9 (nine) determined following a decision by the General Meeting of Shareholders held on 29 September 2007. In addition after the General meeting of Shareholders and according to the authority it has, the Board of Directors determined a price range of 9-13 BGN per share. The final Offering Price (issuing value) of one Share in the execution of the capital increase and the subscription will be determined by the Investment Intermediary after coordination with the Issuer on the basis of the Orders submitted on the Offering Day by means of the Book Building method and the major factor in determining the classification of orders will be the offered price. The offering price thus determined will be confirmed

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and adopted by a decision of the Board of Directors of AGRIA GROUP HOLDING AD and announced following the procedure indicated in 5.1. b) above.

When determining the Offering Price, the Investment Intermediary will be guided by the following criteria and will comply with the following conditions: level and nature of the demand for Shares, market prices of the securities of companies performing activities similar to the activity of the Issuer; predominant market conditions; achieving liquid stock exchange trading in the Shares. All Shares subject to Public Offering will be sold at the Offering Price.

Costs Covered by Investors

Fees and commissions, if any, payable to investment intermediaries via which Purchase Orders are submitted, as well as to settlement institutions via which the price for the acquisition of Shares is paid, are covered by investors.

Fluctuation of the Price of the Offered Securities

As of the date of this document no information can be provided about the fluctuation of the Offered Shares since the Company has not been public from the moment of its incorporation to the date of this document. After the Shares of the Company are admitted to trading on the BSE, the investors will be able to receive information about the prices and the volume of the completed stock exchange transactions of Shares issued by the Company, about the prices and the volume of the demand and supply of Shares, and other investment information from the licensed investment intermediaries. Such kind of information can also be obtained from the BSE bulletin on the internet site of the BSE: www.bse-sofia.bg, from the financial press, and from other similar sources.

5.6. Public Offering costs

The following table lists the major costs directly related to the Public Offering of Securities (excluding the remuneration of the Investment Intermediary, which has been described separately). The table does not include the costs pertaining to the overall operations of the Company or to more than one issue of securities, for example fees for an ISIN code for the ordinary shares of the Company, servicing the shareholders' book of the Company by the Central Depository, annual fee for supervision by FSC, fee for maintaining the registration of the Share issue with BSE.

All costs shown below are covered by the Company.

Type of fee	Amount in BGN
Fee for issuing a FSE confirmation of a Prospectus for a Public Offering of Securities (projected value)	BGN 5 000
Publication of an announcement about a Public Offering in one national daily newspaper (projected value)	BGN 300
Promulgation of an announcement about a Public Offering in <i>The State Gazette</i> (projected value)	BGN 300
Fee for depositing the shares from the capital increase of the Company at Central Depository AD	BGN 2 035
Fee for issuing a certificate for an ISIN code by Central Depository AD	BGN 56
Fee for issuing a certificate for a registration with BSE – Sofia AD by Central Depository AD	BGN 50
Entering the capital increase in the company register	BGN 80
Total costs	BGN 7 821

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Since as of the date of this document the Offering Price is not clear – it will be determined subsequently by means of the Book Building method, the FSC fee for the confirmation of the Prospectus has been estimated based on the total value of the Offered Shares obtained by multiplying the minimum number of Shares at which the Public Offering will be considered successful, by the minimum acceptable price for Subscription Orders by potential investors at submission.

Apart from the costs indicated above, the remuneration of the Investment Intermediary is also covered by of the Issuer. The remuneration of the Investment Intermediary is formed in the following manner:

- Remuneration to the amount of BGN 5,000 (five thousand) for the preparation of the Prospectus for Public Offering of Securities and the registration for trading of the Issuer's Shares with the Bulgarian Stock Exchange - Sofia AD;
- Remuneration to the amount of 1 % (one percent) of the selling price of all the Shares sold for marketing, advertising, and selling the shares from the capital increase of the Issuer;
- Remuneration for success amounting to 2 % (two percent) estimated on the basis of the difference between the achieved real selling price per share and the initial minimum issuing value per share.

Due to the above mentioned reason (the specific method for determining the Offering Price), the remuneration of the Investment Intermediary cannot be shown in absolute terms (in BGN) and per share.

5.7. Dilution of the share value

- 5.7.1. When there is or there could be a significant difference between the price of securities in the Public Offering and the price that the members of the management and supervisory bodies, or the senior management, or persons related to them have paid for shares of the Issuer during the last 5 years, or for shares they have the right to acquire, then comparative information is shown of price at which investors will acquire securities in the Public Offering and the price at which securities were acquired or will be acquired by the indicated persons;

Members of the Board of Directors, the senior management, and persons related to them have no right to acquire Offered Shares under conditions and/or at a price different from those offered to the other investors.

The members of the Board of Directors, as persons from the senior management of the Issuer, have not acquired shares from the capital increase of the Issuer over the past 5 (five) years.

- 5.7.2. Description of the value and the percentage of the immediate dilution of the share value as a result of the Public Offering estimated as the difference between the price of securities at the Public Offering and the carrying value of the securities or of an equivalent class of securities as of the last prepared balance sheet; indication that this is the immediate dilution of the value of the shares of the existing shareholders if they do not subscribe for shares from the new issue.

The Offering Price will be determined during the Offering by the Investment Intermediary by means of the Book Building method after coordination with the Issuer. Owing to this, no exact percentage of immediate dilution of share value as a result of the Public Offering can be given. According to the requirements of the Company Act, the issuing value can not be lower than the nominal value, which is BGN 1 per share. According to the decision by the General Meeting of Shareholders of AGRIA GROUP HOLDING AD taken on 29 September 2007 on a capital increase by 1,700,000 New Shares, the minimum selling price of the shares from the capital increase amounts to BGN 9.00.

This would mean that if the issue is sold at the minimum acceptable issuing value, for the existing shareholders there would be an immediate increase in the net asset value distributed per share. On the

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contrary, as a result of the Public Offering, for the new shareholders will be a decrease in the net asset value per share. The table below shows financial information according to an unaudited unconsolidated financial statement of AGRIA GROUP HOLDING OOD as of 30 June 2007. Given the fact that AGRIA GROUP HOLDING AD was established via a transformation by means of changing its legal form from limited liability company AGRIA GROUP HOLDING to a joint-stock company, the financial information in the table is viewed as information about the joint-stock company. The net asset value per share is determined as the difference between total assets and total liabilities divided by the total number of issued shares.

Indicator (Unconsolidated basis)	As of 30.06.2007
Total assets /BGN in thousands/	5 678
Total liabilities /BGN in thousands/	106
Net asset value /BGN in thousands/	5 572
Number of outstanding shares	5 100
Book value per share – BGN	1.0925
Minimum selling price – BGN	9.00
Indicator (Consolidated basis)	As of 30.06.2007
Total assets /BGN in thousands/	51 675
Total liabilities /BGN in thousands/	31 383
Net asset value /BGN in thousands/	20 292
Number of outstanding shares	5 100
Book value per share – BGN	3.9788
Minimum selling price – BGN	9.00

The book value per Share has been determined by dividing the net asset value into 5,100,000 shares in circulation. As it is evident from the presented Certificate of Good Standing of 10 October 2007, the Shares of the Company are 5,100,000, with a nominal value of BGN 1 (one) each. In view of this, the book value per share on an unconsolidated basis is BGN 1.0925, and on a consolidated basis it is BGN 3.9788. The determined minimum issuance value per Share amounting to BGN 9 (nine) according to a decision of the General Meeting of Shareholders of the Company of 29 September 2007 is not higher than the book value on consolidated and unconsolidated basis. After the General meeting of Shareholders and according to the authority it has, the Board of Directors determined a price range of 9-13 BGN per share. The final Offering Price (issuing value) of one Share in the execution of the capital increase and the subscription will be determined by the Investment Intermediary after coordination with the Issuer on the basis of the Orders submitted on the Offering Day by means of the Book Building method and the major factor in determining the classification of orders will be the offered price.

6. Additional information

- 6.1. Court registration of the Issuer, including the court where the Issuer is registered and the number and the batch of entry in the company register; description of the scope of activity and the objects of the Issuer, as well as where they are defined in the incorporation acts and the Articles of Association

AGRIA GROUP HOLDING is a joint-stock company with a registered office and business address in 29 Atanas Moskov Str., Zapadna Promishlena Zona, Varna. The Company has registered capital of BGN 5,100,000 /fifty-one million/, distributed into 5,100,000 /fifty-one million/ ordinary registered voting shares, with a nominal value of BGN 1 (one) each. AGRIA GROUP HOLDING AD was established via transformation by means of changing its legal form from limited liability company AGRIA GROUP

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HOLDING to a joint-stock company. The joint-stock company was registered and entered in the company register by a decision of 28 August 2007 under company case No 3875/2007 under the inventory list of Varna District Court, and by the same decision the winding-up of the transformed limited liability company was entered as well.

The life of the Company is not limited and there are no other conditions for its termination.

The scope of activity of the Company is: acquisition, management, assessment, and sale of interest in Bulgarian and foreign companies; acquisition, management, and sale of bonds; acquisition, management, and sale of patents, concession of licenses for patent use to companies that the holding company has a stake in; financing of companies in which the holding company has a stake; commercial intermediation and agency; commission activities, forwarding, warehouse services and leasing; purchase, construction and furnishing of real estate for subsequent sale; architecture, design and construction; engineering, barter, and re-export; trade activities – import and export in Bulgaria and overseas, as well as any other activity not prohibited by law for which no particular permits are required and there is no restrictive treatment of its performance in Bulgaria or overseas.

The object of the Company is to hold interests in any form in other companies or in their management, as well as to engage in manufacturing and commercial activities on its own.

The Articles of Association of AGRIA GROUP HOLDING AD were adopted at the General Meeting of Shareholders held on 28 September 2007, by means of which a decision was taken to transform its shares from materialized registered voting shares to dematerialized registered voting shares, and to change their nominal value from BGN 100 to BGN 1.

Differences between the Minimum Required Contents in Provisional Rules of the Existing Legislation and the Articles of Association of the Company

The Articles of Association of the Company provide, as a rule, for all decisions by the General Meeting of Shareholders to be taken by simple majority, and for decisions related to the amendment of the Articles of Association, capital increase or decrease, and winding-up of the Company a qualified majority of 2/3 /two-thirds/ of the represented capital is required /Art. 21 and Art. 28 of the Articles of Association/. The Articles of Association of the Company provide for the possibility of a so called descending quorum – when there is no quorum in the cases when 1/2 /one-half/ of the capital is not represented, a new General Meeting of Shareholders is to be appointed and it is to be regular irrespective of the capital represented at it /Art. 27 of the Articles of Association/.

The Shares of the Company are ordinary registered voting shares. The Company has not issued bearer shares or preference shares. One share gives a right to one vote at the General Meeting of Shareholders, a right to a dividend, and a right to a liquidation share proportionate to the nominal value of the share.

6.2. Description of the legislation of the country where the Issuer is registered that may affect the import or export of capital, including the availability of cash and cash equivalents to be used by the group the Issuer belongs to, as well as the payment of dividends, interest, or other payments to foreign citizens who own securities of the Issuer

The legal treatment of the transactions and the payments between local and foreign persons, cross-border transfers and payments, import and export of Bulgarian Leva and foreign currency in cash is contained in the Currency Act (CA) (Promulgated in State Gazette, issue 83 of 21 September 1999, amended in State Gazette, issue 45 of 30 April 2002, amended in State Gazette, issue 36 of 30 April 2004, amended in State Gazette, issue 105 of 29 December 2005, amended in State Gazette, issue 43 of 26 May 2006, amended in State Gazette, issue 54 of 4 July 2006, amended in State Gazette, issue 59 of 21 July 2007) and the acts of secondary legislation pertaining to its implementation, mainly: Ordinance No 10 of the Ministry of Finance (Ordinance No 10 of 16 December 2003 on the Export and Import of Cash, Precious Metals, Precious Stones, and Articles with or from Them, and for the Keeping of Customs Registers under Art. 10A of the Currency Law, promulgated in State Gazette, issue 1 of 6 January 2004, amended in State

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Gazette, issue 48 of 16 June 2007) and Ordinance No 28 of the Bulgarian National Bank (Ordinance No 28 on Information Collected by Banks in connection with Cross-Border Transfers and Payments, promulgated in State Gazette, issue 111 of 21 December 1999, amended in State Gazette, issue 1 of 4 January 2000, amended in State Gazette, issue 59 of 1 July 2003, amended in State Gazette, issue 69 of 5 August 2003.)

Within the meaning of § 1, item 2 of the Additional Provisions to the Currency Act (CA), a “local person” is: a) an individual person with a permanent residence in the country, b) a legal entity with a registered office in the country; c) a legal entity with a registered office abroad – in case of activity in the country via a registered branch; d) Bulgarian diplomatic missions, consulates, and commercial representatives, etc. that are abroad on assignment by the Bulgarian State, military professionals and civilians from the Ministry of Defense sent abroad for long periods to work for missions, headquarters, and bodies of international organization, as well as members of their families; e) Bulgarian citizens living abroad in order to receive education, irrespective of the length of their stay; f) Bulgarian citizens staying abroad in order to receive medical treatment, irrespective of the length of their stay.

Within the meaning of § 1, item 3 of the Additional Provisions to CA, a “foreign person” is every individual or legal entity that does not comply with the conditions for a “local person” (§ 1, item 2 of the Additional Provisions to CA), as well as foreign diplomatic missions, consulates, commercial representatives, etc., international organizations, members of these representatives and organizations, their staff and the foreign citizens servicing them, as well as members of their families, and people staying in the Republic of Bulgarian in order to receive education or medical treatment, irrespective of the length of their stay.

The principle in the legal framework regulating the transactions, actions, and payments between local and foreign persons is the freedom of execution of the respective action, as far as no existing law provides otherwise.

Local and foreign individuals persons can import and export unlimited amounts of Bulgarian Leva and foreign currency in cash if they comply with the requirements defined in the Currency Act.

The amount of currency that must be declared before the customs authorities when importing or exporting sums of over BGN 5,000 or its equivalent in foreign currency in cash is determined on Ordinance No 10 issued by the Ministry of Finance.

When importing or exporting sums of over BGN 25,000 or their equivalent in foreign currency in cash, local and foreign individuals must declare before the customs authorities the amount and the origin of the money, including the payment instruments to bearer, and present a certificate form the respective local department of the National Revenue Agency.

Apart from the above mentioned case for amounts of over BGN 25,000 or their equivalent in foreign currency in cash, the foreign individuals must declare before the customs authorities only the size and the type of the exported sum in cash, including the size and the type of the exported payment instruments to bearer when their value does not exceed the amount of the imported and declared currency.

Within the meaning of Art. 2 (1) of Ordinance No 10 of the Ministry of Finance, local and foreign individuals may freely export and import cash of up to EUR 10,000 or its equivalent in BGN or in other currency, without declaring it in writing before the customs authorities.

Within the meaning of Art. 2 (1) of Ordinance No 10 of the Ministry of Finance, local and foreign individuals may freely export and import cash of EUR 10,000 or more, or its equivalent in BGN or in other currency, after declaring in writing before the customs authorities its amount and type, its origin and purpose, as well as the form of transportation and itinerary, following the order of the owner of the cash and the recipient it is intended for.

Bank transfers or payment of currency to foreign recipients are made only after declaring the grounds for the bank transfer before the respective commercial bank. A person executing a transfer or payment of

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currency to a foreign recipient equivalent to more than BGN 25,000 presents to the respective bank information and documents defined in Ordinance No 28 on Information Collected by Banks in connection with Cross-Border Transfers and Payments.

When a foreign person transfers or pays foreign currency equivalent to more than BGN 25,000, they must present before the bank information and documents defined in Art. 3, para. 2, item 1 of Ordinance No 28 on Information Collected by Banks in connection with Cross-Border Transfers and Payments.

A foreign person who wishes to transfer foreign currency to a foreign recipient equivalent to more than BGN 25,000 and constituting income from foreign investment in the country, or from termination of such investment, presents before the bank documents certifying the execution of the investment and respectively its termination and the payment of the due taxes.

According to the Investment Encouragement Act (IEA), “foreign investment” is every investment or increase of investment of a foreign entity or its branch in securities, including bonds and treasury bills, as well as derivative instruments issued by the state, municipalities or other Bulgarian legal entities, with a remaining term before maturity of no less than 6 months. (§ 1, item 6e of the Additional Provisions to IEA).

6.3. Information about taxes owed by the holders of securities. Indication of whether the Issuer deducts tax at the source, as well as the respective contractual provisions on the avoidance of double taxation between the country where the Issuer is registered and the country where the income has been received, or a declaration that no such contracts exist

TAXES OWED BY SHAR HOLDERS

Income from shares may be in the form of positive difference between the selling price and the acquisition price (capital gain) or in the form of dividends.

6.3.1. Income from dividends

Taxation of Local Legal Entities:

According to Art. 27, para. 1, item 1 of the Corporate Income Tax Act (CITA) income as a result of distribution of dividends by local legal entities is not recognized for tax purposes. Therefore, income from dividends distributed to the benefit of local legal entities is exempt from corporate tax.

According to Art. 194 of CITA, when local legal entities distribute dividends to the benefit of local legal entities who are not merchants, including municipalities, a tax is deducted at the source which is final. Therefore, income from dividends distributed to the benefit of entities under the previous sentence is taxed at the source at 7 percent.

Taxation of Foreign Legal Entities:

According to Art. 194 of CITA, when local legal entities distribute dividends to the benefit of foreign legal entities, except in cases when dividends are distributed to the benefit of a mutual fund or are generated by a foreign legal entity with a place of business in the country, a tax is deducted at the source which is final. Therefore, income from dividends distributed to the benefit of a foreign legal entity (unless the income is generated by a foreign legal entity with a place of business in the country) is taxed at the source at 7 percent.

Taxation of Individuals:

According to Art. 38, para. 1 of the Personal Income Tax Act (PITA), income from dividends and liquidation shares to the benefit of local and foreign individuals persons is subject to final tax. Therefore, income from dividends distributed to the benefit of local and foreign individuals persons is subject to final tax of 7 percent.

Tax Treatment of Dividend Distribution within the European Union:

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According to Art. 108, para. 1 of the CITA, dividends paid out by local subsidiary companies to parent companies from the European Union (EU) are exempt from withholding tax. According to Art. 108, para. 2 of the Corporate Income Tax Act, dividends accrued by local legal entities to the benefit of a place of business in another member state are also exempt from withholding tax when the following conditions are satisfied simultaneously: 1/ profits at the place of business are taxed under Appendix No 2 of the Corporate Income Tax Act or are subject to a similar tax on profit, and the place of business has no right to choose nor a possibility to be exempt from this tax; 2/ the place of business belongs to another local entity or to a company from another country; 3/ the local person/company under the previous item owns at least 15 % of the capital of the Issuer, including through its place of business, for an uninterrupted period of at least two years; 4/ local entities under item 2 and 3 are commercial or unpersonified companies and their profit is subject to corporate tax.

6.3.2. Capital Gains

Taxation of Local Legal Entities:

According to Art. 44 of CITA, in relation to §1, item 21 of the Additional Provisions to CITA, when the disposition with shares and tradable rights to shares is carried out on a regulated Bulgarian market of securities, including transactions concluded under the terms and procedure for tender offering within the meaning of POSA, excluding block and other transactions that are only registered on the regulated market, when determining the financial results for taxation purposes, the accounting financial result of the local legal entities: 1. is decreased by the profit determined as the positive difference between the selling price and the acquisition price, as proved by documents, of these securities, and 2. is increased by the loss determined as the negative difference between the selling price and the acquisition price, as proved by documents, of these securities. Therefore, the income from transactions with the Company's shares concluded on the BSE (apart from the block transactions) is not subject to corporate tax. The loss from share transactions and marketable rights to shares is not recognized as expenses for the purposes of taxation and it increases the financial results.

Taxation of Foreign Legal Entities:

According to Art. 196 of CITA, in relation to §1, item 21 of the Additional Provisions to CITA, the income of foreign legal entities from disposition with shares of public companies and tradable rights to shares of public companies is not subject to withholding tax when the disposition has been executed on a regulated Bulgarian market of securities, including transactions concluded under the terms and procedure of tender offering within the meaning of POSA, excluding block and other transactions that are only registered on the regulated market. Therefore the income from transactions with the Company's shares concluded on the BSE (apart from the block transactions) is not subject to withholding tax.

Taxation of Local Individuals:

According to Art. 13, para. 1, item 3 of PITA, in relation to §1, item 11 of the Additional Provisions to PITA, the income of local individuals persons from transactions with shares of public companies and with tradable rights to shares of public companies executed on the regulated Bulgarian market of securities, including transactions concluded under the terms and procedure of tender offering within the meaning of POSA, excluding block and other transactions that are only registered on the regulated market, is not subject to tax. Therefore the income of local individuals persons from transactions with the Company's shares concluded on BSE (apart from the block transactions) is not subject to withholding tax.

Taxation of Foreign Individuals:

According to Art. 37, para. 1, item 12 of PITA, the income of foreign individuals persons from sale, exchange, or other transfer, in exchange for consideration, of shares, stocks, compensatory instruments, investment vouchers, and other financial assets, is subject to final tax. According to Art. 37, para. 3 of PITA, the income under the previous sentence is not subject to tax when it is exempt from tax under PITA and is accrued/ paid out to the benefit of foreign individuals persons settled for taxation purposes in a

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member state of the European Union, as well as in another country – member of the European Economic Area (EEA). Therefore the income from transactions with the Company's shares executed on the regulated Bulgarian market of securities, including transactions concluded under the terms and procedure of tender offering within the meaning of POSA, excluding block and other transactions that are only registered on the regulated market, is not subject to withholding tax when it is accrued to the benefit of the foreign person settled for taxation purposes in a member state of the EU or EEA. When the person is a local person in a country outside the EU or EEA, a withholding tax of 10 percent is deducted. It should be borne in mind that when a tax treaty or another international treaty ratified by the Republic of Bulgaria, promulgated, and effective contains provisions different from the provisions in this law, the provisions of the respective tax treaty or another treaty are applied.

6.4. Statement or report prepared by an expert and included in the Securities Note

No statements or reports prepared by experts are included in this Securities Note.

6.5. Place and manner of introducing the investors to the registration Document (as an integral part of the Prospectus for Public Offering of Securities) and to the other documents the Registration Document refers to

Interested persons can obtain a copy of the Registration Documents, as well as of the other parts of the Prospectus, and become acquainted with the other documents the Prospectus refers to, every business day from 10 to 16 hrs. at the address of the Issuer: 29 Atanas Moskov Str., Zapadna Promishlena Zona, Varna, tel.: 052 / 55 40 00, 052 / 55 40 11, contact persons: Emil Raykov, Teodora Ivanova, every business day from 10a.m to 17p.m .

The Registration Document, Part I of the Prospectus for Public Offering of Shares of AGRIA GROUP HOLDING AD is available to the investors also at the office to the Investment Intermediary authorized to prepare the Prospectus - United Bulgarian Bank AD, every business day from 9:00a.m to 17:00p.m at: 9 Todor Alexandrov Blvd., Sofia, tel.: 02 / 811 37 55, fax: 02 / 811 37 59, contact person: Vladislav Matev, e-mail: matev_v@ubb.bg.

The Prospectus for Public Offering of Shares of AGRIA GROUP HOLDING AD can also be obtained from Bulgarian Stock Exchange - Sofia AD from the date of admission of the Company's securities to trade, as well as from the Financial Supervision Commission from the date of confirmation of the Prospectus for Public Offering of Securities of the Company.

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DECLARATION BY THE ISSUER OF SECURITIES FROM THE CURRENT ISSUE

The undersigned Emil Veselinov Raykov, EGN 7207288244, Executive Director, in his capacity of representative of AGRIA GROUP HOLDING AD,

DECLARES,

1. That the Securities Note – Part II of the Prospectus for Public Offering of Shares of AGRIA GROUP HOLDING AD complies with requirements of the law;
2. That to the extent of his knowledge, the information in the Securities Note – Part II of the Prospectus for Public Offering of Securities of AGRIA GROUP HOLDING AD is not false, misleading, or incomplete, and accurately presents the circumstances regarding the Issuer that are material to the investors.

Emil Raykov
Executive Director
AGRIA GROUP HOLDING AD

AGRIA GROUP HOLDING AD
Securities Note
Part II of the Prospectus for Public Offering of Shares

**PERSONS WHO HAVE PREPARED THE SECURITIES NOTE – PART II OF THE
PROSPECTUS FOR PUBLIC OFFERING OF SHARES OF AGRIA GROUP HOLDING AD**

By signing this document, the persons listed below declare that:

(1) when preparing the Securities Note, they have taken due care to ensure that it complies with the legal requirements;

(2) to the extent of their knowledge, the information in the Securities Note is not false, misleading, or incomplete, and accurately presents the circumstances regarding the Issuer Company that are material to the investors.

Vladislav Matev

Prepared the Securities Note, analyst with UBB AD

AGRIA GROUP HOLDING AD
Securities Note
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ANNEXES

1. Decision by the General Meeting of Shareholders of AGRIA GROUP HOLDING AD held on 28 September 2007;
2. Decision by the General Meeting of Shareholders of AGRIA GROUP HOLDING AD held on 29 September 2007;
3. Decision by the Board of Directors of AGRIA GROUP HOLDING AD of their first meeting held on 29 September 2007;
4. Decision by the Board of Directors of AGRIA GROUP HOLDING AD , of their second meeting held on 29 September 2007;
5. Copy of Registration Act issued by Central Depository AD;
6. Copy of certificate for ISIN code of the issue;
7. Copy of Court Decision for entering the Company in the company register;
8. Copy of Court Decision for entering the change in nominal value of the shares of the Company.
9. List of cross-references for the purposes of checking the Prospectus