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If you are in any doubt as to the action that you should take, you should consult your bank manager, solicitor, professional accountant or other professional advisers without delay.

EXPLANATORY STATEMENT

AND

SCHEMES OF ARRANGEMENT

*Under Section 86 of the Companies Law (2018 Revision) of the Cayman Islands
and Section 670 of the Companies Ordinance (Cap. 622) of Hong Kong*

**FOR THE CREDITORS OF
CHINA AGROTECH HOLDINGS LIMITED
(IN LIQUIDATION)**

(incorporated in the Cayman Islands with limited liability)

This Explanatory Statement is addressed to all Scheme Creditors as that expression is defined at page 40 of this document.

China Agrotech Holdings Limited (In Liquidation) (the “Company”), proposes to enter into two identical schemes of arrangement:

1. A scheme pursuant to s. 86 of the Companies Law (2018 Revision) of the Cayman Islands (the “Cayman Scheme”);
2. A scheme pursuant to s. 670 of the Companies Ordinance (Cap. 622) of Hong Kong (the “Hong Kong Scheme”).

These two schemes are referred to in this Explanatory Statement as “the Schemes” which are fully defined at page 51 of this Explanatory Statement.

The Cayman Court and Hong Kong Court have each ordered that a meeting of Scheme Creditors be held to consider and, if thought fit, approve the Schemes, with or without modification. There will be a single meeting at which Scheme Creditors will be able to vote on both Schemes. This meeting is referred to in this Explanatory Statement as “the Scheme Meeting”. The Notices for the Scheme Meeting are contained in Appendix 2 to this Explanatory Statement. The Scheme Meeting will be held at 4/F, Pico Tower, 66 Gloucester Road, Wan Chai, Hong Kong on 5 July 2019 at 10:00 a.m. (Hong Kong time – note that all references in this Explanatory Statement to a particular time are to Hong Kong time unless the contrary is stated). Scheme Creditors only need to file one Notice of Claim and one Form of Proxy (see Appendices 3 & 4) in respect of the Schemes and vote once (since a vote will be treated as being cast in relation to both Schemes).

The action required to be taken by you is set out on page 3 of this Explanatory Statement. In summary if you wish to participate in the Scheme Meeting you must file a Notice of Claim (as defined at page 47 of this Explanatory Statement) and attend the meeting in person or by proxy. If you have previously submitted a proof of debt or you have previously filed a Notice of Claim with the Liquidators, then you are not required to file a further Notice of Claim. You may, if you wish, submit a further Notice of Claim to the Liquidators. If you do so, it will supersede your previous Notice of Claim.

If you wish to support or oppose the Schemes you must attend the Scheme Meeting or complete the form of proxy set out in Appendix 4 to this Explanatory Statement in accordance with the instructions set out therein and return the completed form of proxy to the Liquidators at 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong by no later than 10:00 a.m. on 3 July 2019.

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IMPORTANT NOTICE

This Explanatory Statement has been prepared in relation to the proposed Schemes pursuant to the Companies Law (2018 Revision) of the Cayman Islands and the Companies Ordinance (Cap. 622) of Hong Kong between the Company and the Scheme Creditors.

Nothing contained in this Explanatory Statement will constitute any admission of any fact or liability on the part of the Company with respect to any claim against it. No estimate of the amount of claim or part of it for voting purposes by the chairman of the Scheme Meeting will be admissible against the Company in any proceedings or be binding in the determination of the claims by the Scheme Administrators or the Adjudicator. Any such estimate or admission by the chairman at the Scheme Meeting will only be used for voting purposes by the Scheme Creditors at the Scheme Meeting convened in accordance with the directions of the Cayman Court and the Hong Kong Court for the purpose of approving the Schemes.

The Schemes have been proposed by the Company, acting through the Liquidators, and no other person has been authorised by the Company or the Liquidators to make any representations concerning the Schemes which are inconsistent with the statements contained in this Explanatory Statement and, if made, any such representations should not be relied upon.

The contents of this Explanatory Statement should not be taken as legal, tax or financial advice. Scheme Creditors should consult their own professional advisers in relation to the legal, tax, financial or other matters relevant to the action which they should take in connection with the Schemes.

**LETTER TO THE CREDITORS OF CHINA AGROTECH HOLDINGS LIMITED
(IN LIQUIDATION)**

13 June 2019

Dear creditor

China Agrotech Holdings Limited (In Liquidation) (the Company)

Stephen Liu Yiu Keung and I were appointed as joint and several liquidators of the Company by the Hong Kong Court on 17 August 2015. Capitalised words or phrases used in this letter have the meanings attributed to them in Section 11 at pages 40 to 54 of the Explanatory Statement.

Pursuant to the Cayman Court hearing on 30 April 2019 (Cayman Islands time) and the Hong Kong Court hearing on 30 April 2019, the Company was ordered to convene a meeting of Scheme Creditors to consider and, if thought fit, approve the Schemes, with or without modification. Copies of the orders made in relation to the Scheme Meeting are attached as Appendix 1 to this Explanatory Statement and the notices of the Scheme Meeting are set out at Appendix 2 to this Explanatory Statement. There will be one Scheme Meeting for the Cayman Scheme and the Hong Kong Scheme to be held pursuant to the Cayman Court order and the Hong Kong Court order set out in Appendix 1 respectively. The Scheme Meeting for the Cayman Scheme and the Hong Kong Scheme will be held concurrently.

The background to the convening of the Scheme Meeting is set out in Section 2 of Part II of this Explanatory Statement.

Scheme of Arrangement

A scheme of arrangement is an arrangement entered into between a company and its creditors under Section 86 of the Companies Law and Section 670 of the Companies Ordinance. A scheme of arrangement becomes legally binding on all creditors, including those voting against the scheme of arrangement and those not voting, if over fifty per cent. (50%) in number of creditors, representing at least seventy-five per cent. (75%) in value of creditors, present and voting in person or by proxy at the scheme meeting, vote in favour of the scheme of arrangement and the relevant court then sanctions it. The Company (acting by the Liquidators) proposes to enter into two identical schemes of arrangement under section 86 of the Companies Law and section 670 of Companies Ordinance. As noted above, the Cayman Court and the Hong Kong Court have ordered that the Scheme Meeting be convened to consider and vote on both Schemes.

The Cayman Scheme will become effective and legally binding in accordance with its terms when an office copy of the order of the Cayman Court sanctioning the Cayman Scheme is delivered with the Registrar of Companies in the Cayman Islands and the Hong Kong Scheme will become effective and legally binding in accordance with its terms when an office copy of the order of the Hong Kong Court sanctioning the Hong Kong Scheme is registered by the Registrar of Companies in Hong Kong.

The Scheme Meeting will be held at 4/F, Pico Tower, 66 Gloucester Road, Wan Chai, Hong Kong on 5 July 2019 at 10:00 a.m. The Notices for the Scheme Meeting are contained in Appendix 2 to this Explanatory Statement.

What do you need to do?

If you wish to participate in the Scheme Meeting you must file a Notice of Claim with the Liquidators and attend the meeting in person or by proxy. If you have (i) previously submitted a proof of debt to the Official Receiver and/or the Liquidators and registered with the Official Receiver's Office or (ii) you have previously filed a Notice of Claim with the Liquidators, such proof of debt and Notice of Claim are deemed to have been delivered to the Liquidators under the terms of the Schemes and you are not required to file a further Notice of Claim. You may, if you wish, submit a further Notice of Claim at Appendix 3 to this Explanatory Statement to the Liquidators at 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong (Attention: Stephen Liu Yiu Keung and David Yen Ching Wai) by not later than 10:00 a.m. on 21 June 2019 being 14 days prior to the date of the Scheme Meeting. If you do so, it will supersede your previous Notice of Claim.

If you wish to support or oppose the Schemes you must attend the meeting or complete the form of proxy at Appendix 4 in accordance with the instructions set out therein and return the completed form of proxy to the Liquidators at 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong (Attention: Stephen Liu Yiu Keung and David Yen Ching Wai) as soon as possible but not later than 10:00 a.m. on 3 July 2019 being two (2) Business Days prior to the date of the Scheme Meeting. A proxy need not be a Scheme Creditor.

Secured creditors

The attention of secured creditors is drawn specifically to Section 2.11 of Part II of this Explanatory Statement. Secured creditors will only be permitted to attend and vote at the Scheme Meeting to the extent of the unsecured part of their Claim. If secured creditors previously submitted proofs of debts to and registered at the Official Receiver's Office or if secured creditors previously filed the Notice of Claim with the Liquidators for the purposes of the Scheme Meeting, they are deemed to have been delivered to the Liquidators under the terms of the Schemes and are not required to file the enclosed Notice of Claim. If the secured creditors file the enclosed new Notice of Claim, any further Notice of Claim delivered by the secured creditors to the Liquidators will supersede any Notice of Claim previously delivered by that secured creditor. The enclosed Notice of Claim enables secured creditors to indicate the agreed value of their security and/or indicate whether or not they are prepared to release their security. If secured creditors, who have released their security or who have a Claim, part of which is unsecured, intend to attend and vote at the Scheme Meeting, they must complete and return their Notice of Claim in the manner set out above.

Recommendation

In our opinion, the Resumption Proposal described in the Explanatory Statement at Part II of this Explanatory Statement is the most attractive option available to the Company and is in the interests of the Company and its creditors. If the Schemes are implemented, approximately HK\$80,000,000 of Cash Consideration from the proceeds of the Subscriptions (or in case of the lapse of the Ms. Chong's Subscription, the YM Subscription and the Placing) will be transferred to the Scheme Trust Account to be held by Newco A on the Closing Date and any Realisation Proceeds owned by Newco B including all rights, title and interest in the companies transferred to Newco B will be transferred to the Scheme Trust Account to be held by Newco B, a special purpose vehicle being held and controlled by the Company and will be available for distribution to Scheme Creditors subject to adjudication under the Schemes, after the prior payment of Scheme Costs and Preferential Claims.

If the Schemes are not approved and implemented, given that the Company is now in liquidation, any return to creditors of the Company will be substantially lower.

Accordingly, it is our opinion that it is in the interests of the Scheme Creditors to approve the Schemes and it is recommended by ourselves that you attend the Scheme Meeting in person or by proxy and vote in favour of the Schemes.

Yours faithfully,
David Yen Ching Wai
for and on behalf of
the Liquidators as agents of
China Agrotech Holdings Limited
(In Liquidation)
without personal liability

INDICATIVE TIMETABLE

(Hong Kong time)

Despatch of Explanatory Statement	13 June 2019
Delivery of Notice of Claim for Scheme Creditors who have not submitted a proof of debt to the Official Receiver's Office (to assist in calculation of claims for voting purposes at the Scheme Meeting)	10:00 a.m. 21 June 2019
Form of Proxy to be lodged in respect of the Scheme Meeting (<i>Note 1</i>)	10:00 a.m. 3 July 2019
Scheme Meeting	10:00 a.m. 5 July 2019
Cayman Court hearing of petition to sanction the Cayman Scheme and Capital Reduction (<i>Notes 2 and 3</i>)	8 July 2019 (Cayman Islands time)
Hong Kong Court hearing of petition to sanction the Hong Kong Scheme (<i>Notes 2 and 3</i>)	9 July 2019
Effective Date of the Schemes (<i>Note 4</i>)	upon registration of the Cayman Court order and Hong Kong Court order
Closing of the Schemes (<i>Note 5</i>)	upon completion of the Proposed Restructuring
Application to permanently stay winding up order (<i>Note 5</i>)	before the resumption of trading of the New Shares

Notes:

1. Completion and return of the Form of Proxy will not preclude a Scheme Creditor of the Company from attending and voting in person at the relevant Scheme Meeting. In such event, that Scheme Creditor's Form of Proxy will be deemed to have been revoked.
2. These are estimated dates. The actual date of the hearings by the Courts for sanction of the Schemes and the Effective Date of the Schemes and the hearing of the Capital Reduction will depend on the Courts' availability.
3. Any Scheme Creditor or Shareholder of the Company desiring to oppose the making of an order for the Schemes or the Capital Reduction respectively, should appear at the time of the hearing in person or by counsel for that purpose.
4. The actual date of the Effective Date of the Schemes will also depend upon the Courts' availability in the Cayman Islands and Hong Kong and when the conditions have been satisfied and trading in the New Shares of the Company is resumed.
5. Details of the conditions precedent to the completion of the Proposed Restructuring and detailed procedures and timing of resumption of trading of the Shares are set out in the circular of the Company dated 27 April 2019.

1. INTRODUCTION

This Explanatory Statement sets out the background to and the effect of transactions proposed in the Schemes and explains why Scheme Creditors should consider voting in favour of the Schemes at the Scheme Meeting. Capitalised words or phrases used in this Explanatory Statement have the meanings attributed to them in Section 11 of this Explanatory Statement.

Scheme Creditors are all Persons (other than the Vendor, Persons with Preferential Claims to the extent of their Preferential Claim Amount, the Petitioner in respect of the Petition Costs, Secured Creditors to the extent of the Secured Claim Amount and any Person with a claim that is to be treated as and ranks as an expense of the liquidation) with the benefit of a Claim against the Company. It is proposed that Preferential Claims are paid in full out of Scheme Funds, recognising the priority which they would have in a winding up of the Company.

In respect of those Preferential Creditors who also have a Claim, such Claim will have the same priority as an ordinary unsecured creditor. All Persons with a claim, whether or not they consider all or part of their claim to be a Preferential Claim, and all Persons with a Preferential Claim should submit a Notice of Claim to the Liquidators in the manner described in Section 6 of this Explanatory Statement. The submission of a Notice of Claim will not prejudice your rights, if any, to a Preferential Claim if the Scheme Administrators determine that all or part of your claim is a Preferential Claim.

Secured Scheme Creditors will continue to be able to enforce their Security Interest unless they have already released or realised their Security Interest. They will be entitled to Dividends for the unsecured portion of their Claim.

Scheme Creditors will be asked to consider the Schemes and vote at the Scheme Meeting to be held on 5 July 2019 at 4/F, Pico Tower, 66 Gloucester Road, Wan Chai, Hong Kong commencing at 10:00 a.m..

2. BACKGROUND TO AND REASONS FOR THE SCHEMES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 9 September 1999 and listed on the Main Board of the Stock Exchange on 14 January 2002. The Group was principally engaged in trading of fertilizers, pesticides, other agricultural and non-agricultural resources products; manufacture and sale of pesticides and fertilizers; and provision of plant protection technical services, nursing, planting and sale of landscaping seedlings.

On 8 July 2014, the Company announced that certain of the Group's bank indebtedness in the PRC had been continually due, part of which was not renewed and a profit warning was issued.

The Shares were suspended from trading on the Stock Exchange with effect from 1:00 p.m. on 18 September 2014 pending release of inside information in relation to the proposed issue of convertible bonds and proposed set off of existing convertible bonds.

On 19 September 2014, at the Company's extraordinary general meeting, resolutions regarding the proposed issue of new convertible bonds and the proposed set off with certain existing convertible bonds (the "Existing Bonds") were not passed, such matter immediately raised the concern of certain creditors and guarantors of the Group's indebtedness in the PRC regarding the solvency of the Company.

On 25 September 2014, the Company announced the delay in publication of annual results for the year ended 30 June 2014.

On 13 October 2014, the Company announced that it had received a statutory demand dated 8 October 2014 issued by the legal representative of the Petitioning Creditor, the sole registered holder of the Existing Bonds, claiming for settlement of the indebtedness under the Existing Bonds which was already due but yet to be settled by the Company after the resolutions for the proposed set off of the Existing Bonds were voted down on 19 September 2014.

On 23 October 2014, the Company received notice from the Hong Kong service agent of the Company's registered office in Cayman Islands that two demand letters from Standard Chartered Bank (China) Limited addressed to the Company and Mr. Wu Shaoning ("Mr. Wu"), the then executive director of the Company, demanding, *inter alia*, the immediate repayment by the Company of an aggregate outstanding principal and interest of approximately RMB63,729,000, as borrowed by three PRC subsidiaries of the Company and guaranteed by the Company.

On 28 October 2014, the Company received a demand letter dated 27 October 2014 from the legal representative of Mr. Kwok Ho ("Mr. Kwok") and Fujian Chaoda Group Co., Ltd. ("Chaoda Group"), a private company owned by Mr. Kwok, addressed to the Company and Mr. Wu which demanded that the Company repay and indemnify Mr. Kwok and Chaoda Group pursuant to counter-guarantee agreements for their fulfilment of obligations as guarantor in respect of loan agreements entered into by three PRC subsidiaries of the Company with banks in the PRC, with an outstanding aggregate amount of guarantee of approximately RMB955 million. In addition, the demand letter demanded that the Company repay Mr. Kwok in respect of another loan of RMB96 million obtained by a PRC subsidiary of the Company from Mr. Kwok pursuant to a loan agreement, under which the Company is a guarantor.

On 12 November 2014, the Company received the Petition filed by the Petitioning Creditor at the Hong Kong court against the Company in respect of a claim of approximately RMB82,670,000.

On 21 November 2014, the Company received notice of two sets of proceedings from The Intermediate People's Court of Changsha City of Hunan Province addressed to Mr. Wu (in his capacity as the legal representative of the PRC subsidiaries of the Company) in respect of trade finance indebtedness owed to two banks in the PRC by a PRC subsidiary of the Company for an aggregate amount of approximately RMB60,000,000.

On 8 December 2014, the Company received a decision letter dated 5 December 2014 issued by the Shenzhen Arbitration Commission addressed to Mr. Wu (in his capacity as guarantor) in respect of arbitration proceedings lodged by ZTE Supply Chain Co., Ltd. involving certain PRC subsidiaries of the Company regarding a trade finance indebtedness. The trade finance indebtedness amounted to approximately RMB50,768,000.

On 15 December 2014, the Company received a report of findings from a legal firm in Shanxi Province which confirmed that legal proceedings had been filed against a PRC subsidiary of the Company in respect of its bank indebtedness which amounted to approximately RMB20,000,000.

On 19 December 2014, a legal firm in Fujian Province issued a report of findings and confirmed that three sets of legal proceedings had been filed against a PRC subsidiary of the Company in respect of aggregate indebtedness of approximately RMB44,100,000.

On 9 February 2015, the Company was ordered to be wound up and the Official Receiver was appointed as the provisional liquidator of the Company.

On 17 August 2015, Mr. Stephen Liu Yiu Keung and Mr. David Yen Ching Wai of Ernst and Young Transactions Limited were appointed as joint and several liquidators of the Company.

Since their appointment, the Liquidators' have controlled the affairs of the Company.

To the best of the Liquidators' knowledge, information and belief having made all reasonable enquires, the Company has 24 direct or indirect subsidiaries, of which three were incorporated in the BVI, four were incorporated in Hong Kong and 17 were established in the PRC. All of these subsidiaries were either dormant since their formation or have ceased operation as at the date of this Explanatory Statement.

As of the date of this Explanatory Statement, there were 45 proofs of debts claiming an aggregate amount of approximately HK\$1,678.0 million against the Company, out of which two proofs of debts are related to the share registrar fees owed to Hong Kong Registrars Limited and the Company's website subscription fee due to IRASIA. In order to carry out the restructuring, the liquidators had settled these two proofs of debts in the sum of approximately HK\$111,000 which are considered as necessary costs for the restructuring. After settling the outstanding fees of Hong Kong Registrars Limited and IRASIA, there remain 43 proofs of debts claiming aggregate amount of approximately HK\$1,677.9 million as at the date of this Explanatory Statement. The Liquidators have been collating information about the claims, which would be used to adjudicate such claims as and when appropriate.

As at the date of this Explanatory Statement and based on the proofs of debts, the indebtedness of the Company (excluding the Cash Advance and the proofs of debts of Hong Kong Registrars Limited and IRASIA) comprises (i) claim of wages, salaries and other employee benefits of approximately HK\$2.2 million; (ii) directors' fees of approximately HK\$2.7 million; (iii) professional fees payable of approximately HK\$2.4 million; (iv) rent payable of approximately HK\$0.9 million; (v) guaranteed bank loan of approximately

HK\$61.9 million; (vi) convertible bonds of approximately HK\$540.0 million; (vii) corporate bonds of approximately HK\$57.3 million; (viii) liabilities arising from financial guarantee provided to PRC subsidiaries of approximately HK\$198.2 million; and (ix) liabilities arising from financial guarantee provided to guarantor of PRC subsidiaries of approximately HK\$812.3 million.

On 7 February 2017, the Vendor, the Company and the Liquidators entered into the supplemental agreement to the Acquisition Agreement pursuant to which, among others, the Vendor agreed to make the Cash Advance to the Company in its absolute discretion in an amount of up to HK\$30,000,000 for the settlement of professional fees to be incurred by the Company and/or the Liquidators in connection with the Proposed Restructuring contemplated under the Resumption Proposal and it was agreed among the parties that the Company shall repay such loan to the Vendor in the capacity of a general creditor of the Company with no fixed repayment date, and the Company is to pay interest on the Cash Advance at the rate of 6.0% per annum. On 2 October 2018, the Vendor, the Company and the Liquidators entered into the third supplemental agreement to the Acquisition Agreement pursuant to which, among others, the amount and timing of the Cash Advance to be provided by the Vendor was increased from HK\$30,000,000 to HK\$34,000,000 and additional fund of HK\$12,000,000 to finance the professional fees to be incurred by the Company for the Proposed Restructuring. The Cash Advance will be settled by the proceeds of the Public Offer. The Cash Advance shall be provided to the Company in the following manner:

- (i) a sum of HK\$5,000,000 is payable by the Vendor to the Company upon the signing of the supplemental Acquisition Agreement;
- (ii) a sum of HK\$5,000,000 is payable by the Vendor to the Company on the date of first submission of the Form A1 as prescribed in Appendix 5 to the Listing Rules to the Stock Exchange in respect of the deemed new listing application for the Shares;
- (iii) a sum of HK\$1,500,000 is payable by the Vendor to the Company on the date of third submission of the Form A1 as prescribed in Appendix 5 to the Listing Rules in respect of the deemed new listing application of the Shares;
- (iv) a sum of HK\$8,500,000 is payable by the Vendor to the Company within three Business Days after the Stock Exchange has conditionally granted the listing of and permission to deal in the New Shares to be allotted and issued under the Subscriptions (alternatively, if the Ms. Chong Subscription Agreement lapses it will be replaced by the YM Subscription Shares and the Placing Shares) and the Public Offer, and the Resumption; and
- (v) a sum of HK\$14,000,000 is payable by the Vendor to the Company on the date of commencement of trading of the New Shares to be allotted and issued under the Subscriptions (alternatively, if the Ms. Chong Subscription Agreement lapses it will be replaced by the YM Subscription Shares and the Placing Shares) and the Public Offer.

As at the date of this Explanatory Statement, a total of HK\$20 million was advanced pursuant to paragraph (i), (ii) and (iii) above.

It is estimated that the restructuring costs are approximately HK\$49,005,000 and all of which will be paid out of the proceeds of the Public Offer. In the event that the Schemes fail, the Vendor can submit a proof of debt for the Cash Advance so paid by the Vendor against the Company and only this portion of Cash Advance will be paid out of the assets of the Company.

2.1 Listing status of the Company

On 17 February 2015, the Stock Exchange placed the Company in the first delisting stage under Practice Note 17 of the Listing Rules as the Stock Exchange considered the Company unable to maintain a sufficient level of operations or assets required under Rule 13.24 of the Listing Rules to support a continued listing.

On 19 August 2015, the Company was placed in the second delisting stage by the Stock Exchange. As no resumption proposal was submitted before the expiry date of the first and second delisting stage, the Stock Exchange placed the Company into the third delisting stage commencing on 9 March 2016 and expiring on 8 September 2016.

In order to lift the suspension from trading in the Stock Exchange, the Company is required to submit a viable resumption proposal to the Stock Exchange to address the following issues (the “Outstanding Issues”):

- i. demonstrate that the Company has sufficient operations or value of assets under Rule 13.24 of the Listing Rules;
- ii. publish all outstanding financial results and address any audit qualifications; and
- iii. withdraw or dismiss the Petition and discharge of the Liquidators.

Accordingly, the Company is required to obtain an order from the Hong Kong Court staying the winding up order and discharging the Liquidators before trading in the New Shares in the Company is resumed including the issuance of the Subscription Shares (or the Placing Shares (as the case may be)) and the Offer Shares.

2.2 Progress since appointment of Liquidators

Since the appointment of the Liquidators, the Liquidators took over the control of the Company. The Liquidators met the Hong Kong Official Receiver (who was the then provisional liquidator of the Company) and the then financial controller of the Company and contacted the then auditors of the Company in order to understand the affairs of the Company. The Liquidators also tried to contact the directors of the Company, but the directors were either uncooperative or not locatable. The Liquidators were also unable to contact the management of the Company’s subsidiaries in the PRC

or obtain relevant books and records for subsequent periods. Based on the information available to the Liquidators, the financial position of the Group as at 30 June 2014 is summarised as follows:

- i. Non-current assets of HK\$ Nil;
- ii. Current assets of approximately HK\$4,884,000; and
- iii. Net current liabilities and net liabilities of approximately HK\$867,469,000.

As mentioned above, the Group and the Company had been experiencing financial difficulties for some time prior to the appointment of the Liquidators. There are 43 proofs of debts claiming an aggregate amount of approximately HK\$1,677.9 million as of the date of this Explanatory Statement. Given the substantial net liability position of the Company, no meaningful funds are expected to be available to be distributed among the Scheme Creditors under a liquidation scenario (that is, if the liquidation continues without the Schemes being approved).

The Liquidators have done a quantitative analysis on the expected return by the Scheme Creditors. Based on the liquidation analysis as annexed as Appendix 5 to this Explanatory Statement, it is estimated that the Scheme Creditors will receive zero return in a liquidation scenario.

The Liquidators are of the view that the most effective way to maximize recovery for the Scheme Creditors is to find an investor who is prepared to put forward a rescue proposal under which it would acquire a controlling interest in the Company and offer a return to the Scheme Creditors in return for the Scheme Creditors discharging and releasing their respective Claims against the Company. The Liquidators had been actively seeking investors who might be interested in the proposed restructuring of the Company, and considerable discussions and negotiations were carried out between the representatives of the Liquidators and interested parties.

From time to time, the Liquidators held meetings with the Committee of Inspection (the "COI") of the Company to keep the COI members updated of the status of the possible restructuring of the Group and the selection of investors. There was one meeting of the COI at which the Liquidators invited the potential investors to meet the COI members and to present their resumption proposals to the COI members. The Liquidators received seven resumption proposals in total at various points in time and had several meetings with each of the potential investors. Various assessments had been made to the resumption proposals received and the Liquidators considered the last one received around one month before the expiry of the third delisting stage in August 2016 to be most viable and the terms of which are fair and reasonable and are in the best interests of the Company, the Scheme Creditors and the Shareholders as a whole. Brief summaries of the seven resumption proposals received and considered by the Liquidators are set out as follows:

- i. In the beginning of 2016 before the Company was placed in the third delisting stage by the Stock Exchange, the Liquidators received two resumption proposals involving the acquisition of a business so as to satisfy the resumption condition of having a sufficient level of operation or assets, of which such acquisition would constitute a reverse takeover for the Company under Chapter 14 of the Listing Rules:
 - a. One of the resumption proposals related to an acquisition of a money lending business. Since that business had very limited number of clients, the Company's financial adviser was of the view that that resumption proposal was unlikely to be viable and approved by the Stock Exchange.
 - b. The other resumption proposal related to the acquisition of a chained Chinese restaurant business which was held by two parties, with one of the parties being a listed company. The disposal of the restaurant business by that listed company would constitute a very substantial disposal on its part and therefore would be subject to the announcement, circular and shareholders' approval requirements under the Listing Rules for that listed company. Given the uncertainty that this potential investor would be able to get the necessary approvals from the Hong Kong regulators in order to enter into the acquisition, coupled with the lengthy review and approval process, the Company did not select this proposal upon the advice of the Company's financial adviser.
- ii. After the Company was subsequently placed in the third delisting stage by the Stock Exchange, the Liquidators received five more resumption proposals:
 - a. One of the proposals related to the acquisition of a company established in the PRC which is engaged in cultivation, production and sale of alfalfa and alfalfa-based products in the PRC. Since the vendor withdrew from selling the PRC target company, this proposal was not proceeded with further.
 - b. Another proposal was a 'revival' plan involving an injection of funds into the Company to run a fertilizer business in South East Asia and the PRC. Nonetheless, the fertilizer business proposed to be carried on is not identical to the original principal business of the Group. Moreover, the said fertilizer business in South East Asia and the PRC did not meet the profit requirement for a listing applicant and was therefore unlikely to be accepted by the Stock Exchange.

- c. There was a proposal related to an acquisition of a lumber business. The terms of that resumption proposal were satisfactory and the Liquidators proposed to select that resumption proposal. However, due to certain tax issues related to that lumber business, that resumption proposal was not proceeded with further.
- d. A proposal involving an acquisition of a company engaging in manufacturing and processing chemical products in the PRC was received by the Liquidators in July 2016. Since that target company failed to meet the basic listing requirement of having a trading record of not less than three financial years as stipulated under Rule 8.05(1) of the Listing Rules, the proposal was not proceeded with further.
- e. It was not until August 2016, which was just about one month before the expiry of the third delisting stage, the Liquidators received the current proposal involving the Acquisition of Yu Ming.

The Liquidators considered that the Acquisition to be viable and acceptable to the Stock Exchange.

- i. After careful and detail review and evaluation of the said restructuring proposals, it was the Liquidators' opinion that, on balance, the proposal put forward by the Vendor would present the best outcome for the Company and the Scheme Creditors and the Shareholders as a whole and was the most favourable to the Company, the Scheme Creditors and the Shareholders among the restructuring proposals received by the Liquidators.
- ii. The Vendor is an investment holding company incorporated in the BVI and an indirect wholly-owned subsidiary of Allied Group Limited. Allied Group Limited is a company incorporated in Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange. The principal activities of Allied Group Limited and its subsidiaries include property investment and development, hospitality related activities, elderly care services, and the provision of finance and investments in listed and unlisted securities. The proposal put forward by the Vendor involves, in broad terms, injecting Yu Ming into the Company. Yu Ming is a corporation licensed by the Securities and Futures Commission in Hong Kong to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Yu Ming is a financial services provider engaged in the provision of corporate finance advisory services and asset management services.
- iii. The restructuring proposal put forward by the Vendor was, in the opinion of the Liquidators, the best available at that time, taking into account other factors such as the viability of the resumption proposal, the amount available for distribution to the Scheme Creditors, the potential diluting effect on existing Shareholders' equity, the limited time available for meeting the

deadline imposed by the Stock Exchange, and other surrounding circumstances. The terms of the said restructuring proposal put forward by the Vendor and/or the Investor were comparable to the terms of other restructuring proposals in other successful cases of restructuring that the Liquidators had handled in the past.

- iv. As the date of this Explanatory Statement, based on the latest register of members of Yu Ming, Yu Ming is wholly-owned by the Vendor (of all the issued shares in Yu Ming, 1 share is held by Paco Nominees Limited which holds that share on trust for the Vendor). The Vendor is an indirect wholly-owned subsidiary of Allied Group Limited, a company incorporated in Hong Kong and the issued shares of which are listed on the Main Board of the Stock Exchange. Based on the latest register of directors of Yu Ming, the directors of Yu Ming are Mr. Warren Lee and Mr. Li Chi Kong.
- v. The Liquidators also consider that the business performance of Yu Ming would be able to satisfy the listing requirement in respect of profit test under Rule 8.05(1)(a) of the Listing Rules which stipulate that the business shall have a trading record of not less than three financial years during which the profit attributable to shareholders must, in respect of the most recent year, be not less than HK\$20 million and, in respect of the two preceding years, be in aggregate not less than HK\$30 million. Based on the financial statements of Yu Ming for the three years ended 31 December 2016, 2017 and 2018, the turnovers of Yu Ming were approximately HK\$60.0 million, HK\$73.5 million and HK\$59.6 million and its profits are approximately HK\$35.1 million, HK\$41.7 million and HK\$36.1 million for the three years ended 31 December 2016, 2017 and 2018 respectively. As the profit test is satisfied, the business of Yu Ming met the basic condition of listing under Rule 8.05(1)(a) of the Listing Rules and accordingly satisfy the requirement for sufficient level of operations under Rule 13.24 of the Listing Rules.

Since receipt of the Resumption Proposal, the Liquidators have consulted with creditors to confirm their in-principle support for the Resumption Proposal. The Liquidators have appointed Lego Corporate Finance Limited as financial adviser to the Company and it is acting on behalf of the Company in relation to the Resumption Proposal. The Liquidators have appointed Michael Li & Co. and Harneys (previously, Ogier) as the legal advisers to the Company as to Hong Kong law and Cayman Islands law respectively, and both are acting on behalf of the Company in relation to the Resumption Proposal and the Creditors Scheme. ZHONGHUI ANDA CPA Limited has been appointed as the auditors of the Company with regards to the auditing of the financial results of the Company.

After further discussion and preparation, on 24 August 2016, the Company, the Vendor and the Liquidators entered into the Acquisition Agreement in relation to the Acquisition as contemplated under the Resumption Proposal. The Acquisition constitutes a very substantial acquisition and reverse takeover involving a new listing application of the Company under the Listing Rules. On the same day, the Resumption Proposal was submitted to the Stock Exchange seeking its approval. On 15 September

2016, the Stock Exchange agreed to grant an extension of time to 31 March 2017 for the Company to submit the new listing application relating to the Resumption Proposal (but not any other proposal) under the Listing Rules.

2.3 The Resumption Proposal

The Proposed Restructuring under the Resumption Proposal (which had been amended, modified and varied after consulting the Stock Exchange and the Securities and Futures Commission) will be implemented through the following key events:-

- i. the acquisition by the Company from the Vendor of entire equity interest of Yu Ming for a total consideration of HK\$400,000,000, which will be satisfied by the Company by payment in cash on completion of the Acquisition;
- ii. the Capital Reorganisation to facilitate the issue of the Subscription Shares, the Placing Shares and Offer Shares;
- iii. the subscription of 512,698,586 Subscription Shares at HK\$0.52 per Subscription Share by Ms. Chong or alternatively, if Ms. Chong's Subscription lapses, it will be replaced by the placing of 512,698,586 Placing Shares at HK\$0.52 per Placing Share to the Independent Placeses through the Placing Agent. The fund raised under the Ms. Chong's Subscription or the Placing will be of approximately HK\$266,600,000, which will be used for the partial settlement of the consideration of the Acquisition and the settlement to be made to the creditors under the Schemes;
- iv. the subscription of 227,250,000 Subscription Shares and 57,500,000 Subscription Shares at HK\$0.52 per Subscription Share by Mr. Warren Lee and the employees of Yu Ming (other than Mr. Warren Lee) to raise funds of approximately HK\$148,000,000 for the partial settlement of the consideration of the Acquisition and the settlement to be made to the creditors under the Schemes;
- v. the issue and offer of 241,705,083 Offer Shares at HK\$0.52 per Offer Share under the Public Offer (including the Preferential Offering of 150,264,780 new Shares to the Qualifying Shareholders of subscription as their Assured Entitlement); and
- vi. the Company transferring cash proceeds of HK\$80,000,000 from the Subscriptions (or in case of the lapse of the Ms. Chong's Subscription, the YM Subscription and the Placing) to the Schemes for the settlement of debts owed to the creditors.

One of the essential terms of the Resumption Proposal is that the Company and its Scheme Creditors enter into the Cayman Scheme and the Hong Kong Scheme under which Scheme Creditors will compromise their Claims (other than their Preferential Claims which will be paid in full out of Scheme Funds) against the Company. In

consideration thereof, the cash proceeds of HK\$80,000,000 from the Subscriptions (alternatively, if the Ms. Chong Subscription Agreement lapses it will be replaced by the YM Subscription and the Placing) as well as any receiveables from the realisation of the Excluded Companies will be applied as full and final settlement of the Schemes to the Scheme Creditors.

2.4 The Acquisition

On 24 August 2016, the Vendor, the Company and the Liquidators entered into the Acquisition Agreement (as supplemented by the supplemental acquisition agreement dated 7 February 2017, the second supplemental acquisition agreement dated 13 November 2017, the third supplemental acquisition agreement dated 2 October 2018 and the fourth supplemental acquisition agreement dated 28 December 2018) in relation to the Acquisition. Pursuant to the Acquisition Agreement, the Company will acquire the entire issued share capital of Yu Ming free from encumbrances, together with all rights and benefits attaching or accruing to the shares on or after the date of completion of the Acquisition Agreement (including the right to receive all dividends and other distributions declared, made or paid on or after the Closing Date for a cash consideration of HK\$400,000,000).

The Vendor and its ultimate beneficial owners are independent third parties and not connected with the Company or its connected persons nor the Independent Placees.

2.5 The Capital Reorganisation

As at the date of this Explanatory Statement, the authorised share capital of the Company is HK\$300,000,000 divided into 3,000,000,000 Shares of HK\$0.10 each, and the issued share capital of the Company is HK\$100,176,521.60 divided into 1,001,765,216 Shares of HK\$0.10 each. In order to facilitate the issue of Subscription Shares, Placing Shares and the Offer Shares, the Company proposes to undergo the Capital Reorganisation.

The Capital Reorganisation comprises the followings:–

(i) *Capital Reduction*

The nominal value of each Share in issue will be reduced from HK\$0.10 to HK\$0.01 by cancelling HK\$0.09 from the paid-up capital of each issued Share. The Capital Reduction shall be implemented in accordance with the Companies Law, with the sanction of the Grand Court. The total credit of HK\$90,158,869.44 arising from the Capital Reduction will be applied to eliminate an equivalent amount of the accumulated losses of the Company.

(ii) Share Consolidation

Immediately upon the Capital Reduction becoming effective, every 10 issued Shares of HK\$0.01 each will be consolidated into one New Share. As a result, 1,001,765,216 shares of HK\$0.01 each will be consolidated into 100,176,521 New Shares of HK\$0.10 each.

(iii) Increase in Authorised Capital

Immediately upon the Share Consolidation becoming effective, the Company's authorised ordinary share capital will be increased from HK\$300,000,000 divided into 3,000,000,000 Shares to HK\$1,000,000,000 divided into 10,000,000,000 New Shares of HK\$0.10 each.

Effects of the Capital Reorganisation

The following table illustrates the share capital structure of the Company before and after the Capital Reorganisation.

	Before	After
Authorized shares	3,000,000,000 Shares	10,000,000,000 New Shares
Authorized share capital	HK\$300,000,000	HK\$1,000,000,000
Par value	HK\$0.10	HK\$0.10
Issued shares	1,001,765,216 Shares	100,176,521 New Shares
Issued share capital	HK\$100,176,521.60	HK\$10,017,652.16
Unissued shares	1,998,234,784 Shares	9,899,823,479 New Shares
Unissued share capital	HK\$199,823,478.40	HK\$989,982,347.90

Other than the expenses incurred in the Capital Reorganisation, the implementation of the Capital Reorganisation will not alter the underlying assets, business operation or financial position of the Group, or affect the interests of the Shareholders.

2.6 The Subscriptions and the Placing

The Company has entered into

- (a) the Ms. Chong's Subscription Agreement dated 28 December 2018 with Ms. Chong, pursuant to which the Company has conditionally agreed to allot and issue, and Ms. Chong, has conditionally agreed to subscribe for, 512,698,586 Subscription Shares at the Subscription Price of HK\$0.52 per Subscription Share; and

- (b) the YM Subscription Agreement dated 28 December 2018 with Mr. Warren Lee, and the employees of Yu Ming (other than Mr. Warren Lee) pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Warren Lee and the employees of Yu Ming (other than Mr. Warren Lee) have conditionally agreed to subscribe for, 227,250,000 Subscription Shares and 57,500,000 Subscription Shares respectively at the Subscription Price of HK\$0.52 per Subscription Share.

As fall back for the lapse of Ms. Chong's Subscription Agreement, the Company also entered into the Placing Agreement dated 28 December 2018 with the Placing Agent for the placing of the 512,698,586 Subscription Shares not subscribed by Ms. Chong to not less than ten Independent Placees (which may include Ms. Chong) at the Placing Price of HK\$0.52 per Placing Share on a best efforts basis where none of the Independent Placees will become a substantial shareholder of the Company following completion of the YM Subscription, the Public Offer and the Placing.

The Company will receive net proceeds of approximately HK\$414,700,000 from the Subscriptions (or the YM Subscription and the Placing if the Ms. Chong's Subscription Agreement lapses). It is expected that the net proceeds will be utilised as to (i) approximately HK\$334,700,000 for the partial settlement of the consideration under the Acquisition; and (ii) approximately HK\$80,000,000 for the settlement to be made to the Creditors under the Schemes.

2.7 The Public Offer and the Preferential Offering

The Company proposes to raise in aggregate approximately HK\$125,700,000 (before expenses), by way of the Public Offer of 241,705,083 Offer Shares at the Offer Price of HK\$0.52 per Offer Share, being the same unit price of the Subscription Share, out of which:

- (a) 91,440,303 Offer Shares will be offered to the public (representing approximately 37.8% of the total number of Offer Shares); and
- (b) 150,264,780 Offer Shares will be offered as Reserved Shares to the Qualifying Shareholders under the Preferential Offering (representing approximately 62.2% of the total number of Offer Shares).

The gross proceeds and net proceeds from the Public Offer are estimated to be approximately HK\$125,700,000 and approximately HK\$123,200,000 respectively. The Company intends to utilise the net proceeds from the Public Offer (i) as to approximately HK\$65,300,000 for the settlement of the Acquisition Consideration; (ii) as to HK\$46,000,000 for the repayment of the Cash Advance; and (iii) as to the approximately HK\$4,300,000 for settlement of professional fees relating to the resumption of trading in the shares of the Company on the Main Board of the Stock Exchange; and (iv) the balance of approximately HK\$7,600,000 shall be retained as general working capital of the Enlarged Group.

For detailed information about the Proposed Restructuring, please refer to the circular of the Company dated 27 April 2019.

As explained above (page 17) after the Capital Reorganisation and Schemes become effective:

- (a) the existing Shareholders will hold 100,176,521 New Shares; and
- (b) the Qualifying Shareholders will be entitled to subscribe for in aggregate, 150,264,780 New Shares, being their Assured Entitlement under the Preferential Offering.

The New Shares resulting from the Capital Reorganisation will be identical and rank *pari passu* in all respects with each other.

When fully paid up, the Subscription Shares, the Placing Shares (if applicable), the Offer Shares and the then existing New Shares in issue as at the date of allotment and issue of the Subscription Shares, the Placing Shares and the Offer Shares will rank *pari passu* in all respects among themselves as at the respective date of allotment and issue thereof, including all rights to dividend and distributions which may be declared, made or paid by the Company, voting and interest in capital.

2.8 The Schemes and the debt restructuring

The Schemes represent a better return for creditors than in the otherwise unavoidable liquidation scenario. The Liquidators have engaged Lego Corporate Finance Limited as a financial adviser to help identify potential investors for a possible restructuring of the Company as well as Michael Li & Co and Harneys (previously, Ogier) as the legal advisers to the Company as to Hong Kong law and Cayman Islands law respectively to assist with matters arising in relation to the Company's liquidation and possible restructuring. The Liquidators and the financial advisers have used their reasonable endeavours to identify potential investors who would be interested in the proposed restructuring of the Company. As explained above (pages 11 to 13), the Liquidators have held meetings with the COI to keep the committee members updated of the status of the possible restructuring of the Company and the selection of investors. With the advice from Lego Corporate Finance Limited, the Liquidators are satisfied that there is unlikely to be a better proposal in the short term than the existing Resumption Proposal described above. Furthermore, the Resumption Proposal provides a value for the listing which is broadly comparable to other similar transactions albeit that no recent comparable transactions have occurred.

Therefore, in order to realise value in respect of the Company's listing status for the benefit of the Company's creditors, it is proposed that the Scheme will be implemented under which:

- (i) A Cash Consideration of HK\$80,000,000, being partial proceeds from the Subscriptions (or in case of the lapse of the Ms. Chong's Subscription, the YM Subscription and the Placing), will be transferred to the Schemes and held by Newco A for distribution to the Scheme Creditors subject to adjudication; and
- (ii) the Company will transfer its claims, rights to claims, rights to any assets and the entire equity interests of the Excluded Companies, being all the subsidiaries which are directly or indirectly held by the Company, to Newco B, a special purpose vehicle being held and controlled by the Liquidators as at the date of this Explanatory Statement at a cash consideration of HK\$1. After such transfer, dividend distributed by such subsidiaries or recovery from those subsidiaries, if any, will be distributed for the benefit of the Scheme Creditors subject to adjudication.

The Schemes which are subject to sanction of the Hong Kong Court and the Cayman Court respectively shall become effective and legally binding on the Company and all the Scheme Creditors, including those voting against the Schemes and those not voting, if the requisite majority (representing more than 50% in number and not less than 75% in value of the claims of Scheme Creditors who, either in person or by proxy, attend the Scheme Meeting convened with the leave of the relevant courts) vote in favour of the Schemes which the relevant courts thereafter sanction and a copy of each of the relevant court orders sanctioning the Schemes are registered and filed with the relevant Registrars of Companies in Hong Kong and the Cayman Islands respectively.

The cash proceeds of HK\$80,000,000 from the Subscriptions (or in case of the lapse of the Ms. Chong's Subscription, the YM Subscription and the Placing) as well as any receivables from the realisation of the Excluded Companies will be applied as full and final settlement of the Schemes to the Scheme Creditors.

To assess whether the Cash Consideration in the sum of HK\$80,000,000 is fair and reasonable for the Scheme Creditors, the Liquidators have reviewed four comparable schemes of arrangements in the past years involving listed companies under provisional liquidation and in the third stage of delisting, and sought to compare the consideration available for distribution to the participating creditors (including the amount of cash and/or additional scheme share or convertible bonds to preferential creditors and unsecured creditors) in those schemes. The Liquidators considered that these comparables are adequate given that they covered the prevailing market practice for schemes of arrangement, and may allow the Scheme Creditors to have a general understanding of the amount of cash (or otherwise) available to preferential creditors and unsecured creditors in comparables company proposals. The amount of debt involved, the stage of delisting, the cash transferred to the scheme of arrangement and additional scheme shares or convertible bonds available to participating creditors in those comparables schemes are summarized below:

Company (stock code)	Scheme year	Amount of debt (HK\$)	Cash transferred to the scheme of arrangement (HK\$)	Additional scheme shares or convertible bonds
First Natural Foods Holdings Limited (HK stock code 1076)	2012	405,000,000	62,000,000	The issue 14,823,936 shares, representing approximately 3.7% of the enlarged issued share capital
Sunlink International Holdings Limited (HK stock code 2336)	2012	275,420,000	43,000,000	(a) The issue of 40,000,000 shares, representing approximately 3.60% of the enlarged issued share capital, at an issue price of HK\$0.20 per Creditor Share; and (b) The issue of the convertible bonds in the principal amount of HK\$8,000,000 at the conversion price of HK\$0.20
U-Right International Holdings Limited (HK stock code 627)	2013	1,579,000,000	50,000,000	The issue of 66,133,333 shares, representing approximately 5% of the enlarged issued share capital
Ocean Grand Holdings Limited (HK stock code 1220)	2012	1,777,000,000	35,000,000	The issue of 157,600,000 shares, representing approximately 19.7% of the enlarged issued share capital

As set out above, the cash consideration available for participating creditors in the four comparable schemes of arrangement ranges from HK\$35,000,000 to HK\$62,000,000. The Liquidators are of the view that the amount of available cash consideration is largely dependent upon the availability of potential investors and the availability of company/business at the late third stage of the delisting, a viable

restructuring under the resumption proposal which is acceptable to the Stock Exchange and the Securities and Futures Commission, the required working capital of the companies after the restructuring, as well as the comparison of the benefits to the preferential creditors and the unsecured creditors of the Company under the restructuring scenario and the liquidation scenario. It is common practice that the preferential creditors, scheme costs and the petitioner's costs were paid in priority.

In the present case, the Cash Consideration in the sum of HK\$80,000,000 to be available for the settlement of the Scheme Creditors' Claims is above the range of cash payment available under the comparable schemes of arrangement identified above. Although there were additional scheme shares or convertible bonds available to the participating creditors in the above comparable schemes of arrangement, it is not known to the Liquidators the ultimate extent that those additional scheme shares or convertible bonds further increased the total consideration available for the creditors, or improved (if any) the participating creditors rate of recovery. The Liquidators have also considered the circumstances of the present Schemes. They have received proofs of debt of approximately HK\$1,678.0 million. Further, as mentioned above the Acquisition constitutes a very substantial acquisition and reverse takeover involving a new listing application of the Company under the Listing Rules, which renders resumption of trading much more difficult and costly (in terms of the fees involved) and takes longer time as compared to the restructuring in the past years. Moreover, the fact that the Company has been put in liquidation as opposed to provisional liquidation makes restructuring and resumption of trading more difficult. As such, the Liquidators and the independent financial adviser to the Company considered that the Cash Consideration available to the Scheme Creditors in the present Schemes is in line with the total consideration available to the participating creditors in the comparable schemes of arrangement identified above. The Liquidators also considered that Dividend at 100 cents in the dollar to the Preferential Creditors (subject to adjudication) and the Dividend at 4.3 cents in the dollar to the Unsecured Creditors (subject to adjudication) under the restructuring scenario as shown in Appendix 5 to the Scheme Document to be fair and reasonable.

In summary, the Liquidators and the independent financial adviser to the Company are of the view that (i) the Resumption Proposal is the best proposal available to the Company at the time that it was in the final stage of delisting (see section 2.2 of this Explanatory Statement above), (ii) the Schemes represent a better return for the Scheme Creditors than that in the alternative liquidation scenario, (iii) the Schemes provide a consideration for the Scheme Creditors which is broadly comparable to other similar schemes or arrangement identified above.

Accordingly, the Liquidators are of the view that the Cash Consideration in the sum of HK\$80,000,000 is fair and reasonable and is in the interests of the Company, the Shareholders and creditors of the Company as a whole.

2.9 Group Reorganisation

The Schemes envisage that all the Company's direct and indirect shareholdings and interest in the Excluded Companies, all cash and all cash equivalents held by the Company and the Excluded Companies, all inter-company loans due by the Excluded Companies to the Company, all cause of action claims which the Company has or may have against any person whether known or not known to the Company as at the Closing Date, all rights to claims and rights to any assets will be transferred at a nominal value to Newco B, a company controlled by the Scheme Administrators for the benefit of the Scheme Creditors with Admitted Claims. As a result of the Schemes and the Proposed Restructuring, all the account receivables and the debts of the Group at the subsidiary level will be handled by the Scheme Administrators who shall recover the Transferred Claims and shall realise the assets of the Excluded Companies for the benefit of the Scheme Creditors subject to their own liabilities, or disposal of the Excluded Companies for the benefit of the Scheme Creditors.

Upon completion of the Proposed Restructuring, the Excluded Companies will cease to be subsidiaries of the Company.

2.10 Discharge and waiver of Claims

With effect from the Effective Date, provided that all those matters contemplated to occur on the Closing Date have occurred, each Scheme Creditor shall and shall be deemed to completely and forever release, waive, void, acquit, forgive, extinguish and discharge unconditionally each of the Company, the Liquidators and its/their personnel and affiliates, and each of their respective firms' and companies' current and former direct and indirect affiliates, equity holders, members, officers, directors, employees, advisers, principals, legal advisers, professional advisers, accountants, investment banks, consultants, agents, and representatives (including their respective affiliates), and in their capacities as such from any and all claims and/or Liabilities which are or relate to the Claims, in consideration of the right to participate with each other Scheme Creditor in the distribution of the Scheme Funds on the terms of the Schemes.

2.11 Secured Scheme Creditors

Secured Scheme Creditors who have not realised their Security Interests may either:

- (a) agree the value of its Security Interest with the Scheme Administrators and the agreed value will then be deducted from its Claim for the purpose of determining its Admitted Claim; or
- (b) release its Security Interest in which case its entire Claim will be treated as unsecured for the purpose of determining its Admitted Claim.

If a value for its Security Interest cannot be agreed with a Secured Scheme Creditor or the Secured Scheme Creditor is unwilling to release its Security Interest, then that Secured Scheme Creditor's Claim will be treated as an Unadmitted Claim for

which appropriate reserves will be made by the Scheme Administrators out of the Scheme Funds, pending the Secured Scheme Creditor notifying the Scheme Administrators that it has realised its Security Interest and providing details of its unsecured Claim (if any) or, if earlier, releasing or agreeing with the Scheme Administrators a value for its Security Interest.

The bar on further proceedings described in Section 6.8 below, which will result from the Schemes, will not prevent a Secured Scheme Creditor from taking all steps which are necessary in order to enforce its Security Interest unless its Security Interest has been released.

2.12 Effect of the Schemes

Under the terms of the Schemes, the Scheme Administrators will open the Scheme Trust Account to hold the Scheme Funds. This will be an interest bearing trust account controlled by the Scheme Administrators held with a licensed bank in Hong Kong. When the conditions precedent to the Schemes are satisfied (or waived), the Closing occurs and the Schemes have come into effect, the Scheme Administrators will transfer the Cash Consideration and the cash held by or on account of the Company on the Closing Date to the Scheme Trust Account. All moneys from time to time credited to the Scheme Trust Account will be held for the benefit of the Scheme Creditors, subject to the payment of the Scheme Costs and Preferential Claims.

Scheme Creditors with Admitted Claims will be entitled to a rateable portion, after payment of the Scheme Costs and Preferential Claims, of the Scheme Funds. The Scheme Administrators have power to distribute interim Dividends from Scheme Funds after providing in full for any Unadmitted Claims.

The Schemes will, if sanctioned by the Courts, become a binding contract between the Company and each of its Scheme Creditors and will be administered by the Scheme Administrators. The Scheme Creditors consist of all creditors of the Company with Claims against the Company as at the Winding Up Order Date, with the exception of the Vendor, Preferential Creditors to the extent of their Preferential Claim Amount and Secured Scheme Creditors to the extent of their Secured Claim Amount. The Claims of the Vendor will not be compromised by the Schemes and the Vendor will have no claim against the Scheme Funds. Preferential Claims will be paid in full out of Scheme Funds. The Claims of Secured Scheme Creditors in respect of their Secured Claim Amounts will be discharged on realisation or release of their Security Interests or, if earlier, agreement with the Scheme Administrators of a value for their Security Interests.

2.13 Consequences of the Resumption Proposal failing

If the Schemes are successfully implemented, each Scheme Creditor will receive in respect of their Admitted Claims, after payment of any Scheme Costs and Preferential Claims, a rateable portion of the Scheme Funds and, in the case of Scheme Creditors who have submitted a Notice of Claim to the Liquidators or have submitted proofs of debts to and registered at the Official Receiver's Office on or before the Cut-Off Date.

If the Schemes are not successfully implemented, the Resumption Proposal will fail. If this happens, given that the Company is in liquidation, the Scheme Creditors are unlikely to receive any material recovery and any return would likely be received substantially later than the date the Scheme Creditors will receive the Dividends and, where applicable the Realisation Proceeds if the Resumption Proposal is successfully implemented.

The Liquidators have considered the option of seeking to pursue claims which, the Company may have against third parties (including claims that would only be available to a liquidator). Without third party funding, even if the Company had sufficient grounds to pursue the claims, if any, against any such Persons, the Company would not be able to fully investigate or pursue such claims.

2.14 Opinion of Liquidators

It is the Liquidators' opinion that Scheme Creditors are likely to receive a better return through the Schemes than could be achieved with any certainty in the course of winding up. This is because substantial third party funds are being injected into the Company under the Resumption Proposal. No Cash Consideration would be available to Scheme Creditors if the Schemes fail.

3. ENTRY INTO FORCE OF THE SCHEMES AND CONDITIONS PRECEDENT

The Schemes will become binding and effective on the Company and the Scheme Creditors under Cayman Islands law and Hong Kong law if the following conditions are satisfied:

- (a) over fifty per cent. (50%) in number of the Scheme Creditors, representing at least seventy-five per cent. (75%) in value of the Scheme Creditors, present and voting in person or by proxy at the Scheme Meeting, vote in favour of the Schemes;
- (b) the Cayman Court sanctions the Cayman Scheme and an office copy of the order of the Cayman Court sanctioning the Cayman Scheme is delivered to the Registrar of Companies in the Cayman Islands for registration;
- (c) the Hong Kong Court sanctions the Hong Kong Scheme and an office copy of the order of the Hong Kong Court sanctioning the Hong Kong Scheme is registered with the Registrar of Companies in Hong Kong;

If the Cayman Scheme is sanctioned by the Cayman Court and the Hong Kong Scheme is sanctioned by the Hong Kong Court, in accordance with the indicative timetable on page 5 of this Explanatory Statement, it is anticipated that the Closing of the Schemes will take place on or around 15 July 2019. As the Schemes form part of the Resumption Proposal, the Closing of the Schemes is conditional upon:-

- (a) the completion of the Capital Reorganisation, the Acquisition and Subscriptions (alternatively, if the Ms. Chong Subscription Agreement lapses it will be replaced by the YM Subscription and the Placing) and the Public Offer;

- (b) the Company receiving the Cash Consideration of HK\$80,000,000 being partial proceeds of the Subscriptions (alternatively, if the Ms. Chong Subscription Agreement lapses it will be replaced by the YM Subscription and the Placing);
- (c) the Executive Director of the Corporate Finance Division of the Securities and Futures Commission granting the consent in relation to the Special Deal; and
- (d) the fulfilment of the conditions for the resumption of shares of the Company imposed by the Stock Exchange.

All of these conditions are not capable of being waived.

As at the date of this Explanatory Statement, there are three Creditors who are in aggregate claiming approximately HK\$893,900,000 against the Company, who are in aggregate interested in 2,252,000 Shares. This represents approximately 0.2% of the issued share capital of the Company.

As some of the Scheme Creditors are also Shareholders, and the Schemes are not extended to all the other Shareholders, the implementation of the Schemes constitutes a special deal under Rule 25 of the Takeovers Code and therefore also requires (i) consent by the Executive; (ii) the independent financial adviser of the Company to publicly state in its opinion that the terms of the Schemes are fair and reasonable; and (iii) approval by the independent shareholders at the extraordinary general meeting, in which Scheme Creditors and their associates who are Shareholders and parties acting in concert with any of them will be required to abstain from voting on the relevant resolutions approving the Schemes and the special deal thereunder.

In the section headed “Letter from the Independent Financial Adviser” in the circular of the Company dated 27 April 2019, Pelican Financial Limited, the independent financial adviser to the Company has stated that taking into account that (i) the Schemes will enable all the Claims against the Company by the Creditors to be discharged and compromised in full; (ii) the implementation of the Schemes is an integral part of the Proposed Restructuring and where obtaining the approval of the special deal is one of the conditions precedent to the Schemes; without the implementation of the Schemes, the Claims against the Company by the Creditors shall remain outstanding and the Company may need to be wound up. Given that the Company is in net deficit position, the equity Shareholders of the Company is likely not able to receive any value for their interest in the Company if the Company is to be wound up and therefore the implementation of the Creditors’ Scheme, which is to settle all Claims against the Company by the Creditors, is in the interest of the Shareholders; and (iii) resumption of trading of the Shares will only take place if the Proposed Restructuring is implemented, the independent financial adviser is of the view that the special deal is fair and reasonable so far as the independent Shareholders (other than those shareholders who are the Creditors) are concerned and is in the interest of the Company and the Shareholders as a whole.

Further details of the Resumption Proposal, including the Proposed Restructuring and the conditions precedent to each transaction contemplated thereunder are set out in the circular of the Company dated 27 April 2019 which can be found at the websites of the Stock Exchange and the Company respectively.

Scheme Creditors should note that the Schemes will become binding and effective on the Company and the Scheme Creditors under Cayman Islands law and Hong Kong law. However, the Closing of the Schemes will only take place upon satisfaction of all the conditions stated above, in particular, the completion of the Capital Reorganization, the Acquisition, the Subscriptions (or in case of the lapse of Ms. Chong's Subscription, the YM Subscription and Placing) and the Public Offer.

4. INFORMATION ON THE VENDOR AND THE INVESTOR

The information in this Section has been provided by the Vendor.

The Vendor is a company incorporated in the BVI with limited liability and its principal business activity is investment holding. The Vendor is an indirect wholly-owned subsidiary of Allied Group Limited. The principal activities of Allied Group Limited includes investment, broking and finance, consumer finance, property development and investment, corporate and other operation.

The Vendor is an independent third party and not connected with nor acting in concert with the directors, chief executive or substantial Shareholders of the Company nor any of its subsidiaries or their respective associates or concert parties within the meaning prescribed by the Listing Rules and the Takeovers Code.

The Company and the Liquidators are independent of and not connected with nor acting in concert with the Vendor, its directors, chief executive or substantial Shareholder nor any of its subsidiaries or its associates or concert parties within the meaning under the Listing Rules and the Takeovers Code.

The following information in this Section has been provided by the Investor.

Ms. Chong Sok Un, M.H. aged 64, was appointed as executive director and chairman of China Medical & HealthCare Group Limited ("China Medical & HealthCare", stock code: 383) on 23 August 2002 and has been re-designated as deputy chairman of China Medical & HealthCare since 16 December 2015. Ms. Chong was awarded the Medal of Honour (M.H.) by the Hong Kong Government on 1 July 2011. She was a member of the National Committee of the Chinese People's Political Consultative Conference, Guangdong Province from January 2012 to January 2017. She is also the Permanent Honorary Chairman of the Hong Kong Federation of Fujian Associations Limited and Vice Chairman of the Hong Kong Fujian Women Association. She is the namer of YOT Chong Sok Un Medical Fund (cancer aid) which was set up in 2007 and became a director of YOT Chong Sok Un Medical Fund (cancer aid) Company Limited since 2008. She is a member of Yan Oi Tong Advisory Board since 2011, and was the chairman of the 31st Term Board of Directors of Yan Oi Tong from 2010 to 2011, the vice chairman of the 28th Term Board of Directors of Yan Oi Tong from 2007 to 2008 and a director of the 27th Term Board of Directors of Yan Oi Tong from 2006 to 2007. She was also a director of Po Leung Kuk from 2009 to 2010. She was an executive director and chairman of APAC Resources Limited (stock code: 1104) from 6 July 2007 to 1 March 2016 and a non-executive director of Alibaba Pictures Group Limited (stock code: 1060) from 25 June 2007 to 23 April 2009.

Ms. Chong ceased to be a controlling shareholder of China Medical & HealthCare on 18 September 2017 but still held approximately 17.90% of the issued share capital of China Medical & HealthCare as at the date of this Explanatory Statement.

During the course of soliciting prospective investors for the previous placing, Mr. Warren Lee approached Ms. Chong. On the one hand, Mr. Warren Lee knew that Ms. Chong has then recently disposed of the majority of her long term shareholding in China Medical & HealthCare and may be looking for alternative long term listed company investment. On the other hand, Mr. Warren Lee believes that taking into account Ms. Chong's background (details of which are set out above), Ms. Chong would be a substantial shareholder acceptable to the Licensing Department of SFC, which was one of the conditions precedent to completion of the previous placing and the resumption of trading in Shares materialising. After deliberation, Ms. Chong believed that the investment in the Company, being the holding company of Yu Ming, is an attractive long term investment opportunity for her.

Ms. Chong therefore confirmed her interest to Mr. Warren Lee in subscribing for 75% of the enlarged shareholding in the Company upon completion of the previous placing and the open offer previously contemplated under the Resumption Proposal. On 3 November 2017, Ms. Chong entered into the placing letter with the Placing Agent for the subscription of 854,497,642 New Shares.

Due to a change in the structure of the restructuring under the Resumption Proposal, the previous placing agreement was terminated on 28 December 2018 and accordingly the placing letter entered by Ms. Chong lapsed. In substitution of the previous placing, Ms. Chong agreed to continue her investment in the Company under the Ms. Chong's Subscription Agreement by subscribing for 512,698,586 Subscription Shares, representing approximately 45% of the enlarged shareholding in the Company upon completion of the Subscriptions and the Public Offer.

5. INTERESTS OF DIRECTORS

As at the date of this Explanatory Statement, the board of directors of the Company comprises Ms. Chen Xiao Fang, Mr. Zhang Liang and Mr. Xu Jiangtao as executive directors, and Ms. Zhao Jianhua as the independent non-executive director (collectively the **"Existing Directors"**).

Mr. Warren Lee, Mr. Lam Chi Shing and Ms. Li Ming are proposed to be appointed as the executive directors of the Company upon the Closing. Mr. Li Chi Kong is proposed to be appointed as the non-executive director of the Company. Mr. Chan Sze Chung, Mr. Suen Chi Wai and Mr. Sum Wai Kei, Wilfred are proposed to be appointed as independent non-executive directors of the Company (collectively the **"Proposed Directors"**).

Pursuant to Section 672(1) of the Companies Ordinance, the Liquidators have made enquiry with each of the Existing Directors and the Proposed Directors who confirmed that they have no material interest in the Schemes (whether as a director, a shareholder or a creditor of the Company) and are not aware of any effect which would be different from the effect on the like interest of other Persons.

6. PROCEDURE AND MISCELLANEOUS MATTERS**6.1 Notice of Claim**

If you wish to participate in the Scheme Meeting you must file a Notice of Claim with the Liquidators and attend the Scheme Meeting in person or by proxy. If you have previously submitted a proof of debt or you have previously filed a Notice of Claim with the Liquidators, then you are not required to file a further Notice of Claim in order to be entitled to a distribution under the Schemes. You may, if you wish, submit a further Notice of Claim at appendix 3 to this Explanatory Statement to the Liquidators at 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong (Attention: Stephen Liu Yiu Keung and David Yen Ching Wai) not later than 10:00 a.m. on 21 June 2019 being 14 days prior to the date of the Scheme Meeting. If you do so, it will supersede your previous Notice of Claim.

If you wish to support or oppose the Schemes you must attend the Scheme Meeting or complete the form of proxy at Appendix 4 to this Explanatory Statement in accordance with the instructions set out therein and return the completed form of proxy and return the completed form of proxy to the Liquidators at 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong (Attention: Stephen Liu Yiu Keung and David Yen Ching Wai) as soon as possible but not later than 10:00 a.m. on 3 July 2019 being two (2) Business Days prior to the date of the Scheme Meeting. A proxy need not be a Scheme Creditor.

Any further Notice of Claim delivered by a Scheme Creditor to the Liquidators will supersede any Notice of Claim previously delivered by that Scheme Creditor. Completion and return of the Form of Proxy will not preclude a Scheme Creditor from attending and voting in person at the Scheme Meeting.

The Liquidators will estimate the total amounts of each Scheme Creditor's Claim (including principal and interest) as at the Winding Up Order Date which will be admitted for voting purposes based on the records in their possession and on other relevant information, including any details received from the Scheme Creditors in the Notices of Claim. Secured Scheme Creditors will not be allowed to vote in respect of an amount equal to what the Liquidators, acting reasonably, determine (for the purposes of voting only) to be their Secured Claim Amount. These estimates, after deducting any known set off, will be the Voting Claims.

In determining Voting Claims, the Liquidators may admit or reject any Scheme Creditor's Claim in whole or in part.

If the Voting Claims are denominated in currencies other than Hong Kong Dollars, they will, for voting purposes, be converted to Hong Kong Dollars based on the rate for the purchase of the relevant currency as quoted by the Hong Kong Association of Banks at close of business on the Winding Up Order Date or, in the case of manifest error or non-publication, such other relevant offered rate of any licensed bank in Hong Kong, as the Liquidators will determine.

Such estimates of Voting Claims are for voting purposes only and will not constitute any admission by the Company or the Scheme Administrators of the amount comprised therein or be relevant for the purpose of calculating entitlements of Scheme Creditors under the Schemes. Accordingly, the admission of a Scheme Creditor or his proxy for the purpose of voting at the Scheme Meeting is without prejudice to the Scheme Administrators' right to reject his Notice of Claim in whole or in part for the purpose of adjudicating on his entitlement to Dividends out of the Scheme Funds or the Scheme Creditor's right to submit an amended Notice of Claim in a different amount, at any time up to the Cut-Off Date.

6.2 Voting

Scheme Creditors may vote on the Schemes by attending the Scheme Meeting in person or by proxy. A proxy does not need to be a Scheme Creditor but must attend the Scheme Meeting personally. If a Scheme Creditor who has lodged a Form of Proxy attends the Scheme Meeting, his Form of Proxy will be deemed to have been revoked.

Votes cast by Scheme Creditors shall be treated as votes in respect of both Schemes so that Scheme Creditors only need to cast a single vote and must vote in the same manner in respect of each of the Schemes.

In the case of a Scheme Creditor which is a corporation, it must appoint an individual to attend the Scheme Meeting as its representative or proxy. To attend and vote at the Scheme Meeting, the representative or proxy must produce at the Scheme Meeting to the satisfaction of the chairman an appropriately certified copy of the resolution of the board of directors or other authorisation by a governing body of the corporation evidencing that he is authorised to act as its representative or proxy for such purpose.

You should return the completed Form of Proxy to the Liquidators at 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong (Fax: (852) 2827 0715) (Attention: Stephen Liu Yiu Keung and David Yen Ching Wai) by no later than 10:00 a.m. on 3 July 2019 being two (2) Business Days prior to the date of the Scheme Meeting.

6.3 Determination of Claims

No claims for interest may be made for the period on and from the Winding Up Order Date. This will enable Scheme Creditors to submit one Notice of Claim both for voting and for distribution purposes. It will also enable the costs of adjudicating Claims to be minimised.

On or as soon as practicable after the Effective Date, the Scheme Administrators will issue notices to all Scheme Creditors of whom the Company has knowledge and will publish such notices in one English language newspaper and one Chinese language newspaper in Hong Kong, and one Chinese language in the PRC and one English language newspaper in the Cayman Islands, notifying Scheme Creditors of the Cut-Off Date, being the last date by which Scheme Creditors must have delivered a Notice of Claim for the purposes of establishing an entitlement to a distribution in the Schemes.

Proofs of debts previously submitted to and registered at the Official Receiver's Office or Notices of Claim previously delivered to the Liquidators for the purpose of the Scheme Meeting will be deemed to have been delivered to the Liquidators under the terms of the Schemes. Any further Notices of Claim delivered by a Scheme Creditor to the Liquidators will supersede any Notice of Claim previously delivered by that Scheme Creditor.

In order to be entitled to participate in distributions from the Dividends from the Scheme Funds, a creditor must lodge a Notice of Claim by the Cut-Off Date with either the Liquidators or the Scheme Administrators.

Failure by a creditor to deliver a Notice of Claim by the Cut-Off Date will disqualify the creditor from receiving any benefits under the Schemes and the Scheme Administrators will not consider Notices of Claim received after the Cut-Off Date except in exceptional circumstances. The Scheme Administrators may accept a Notice of Claim received after the Cut-Off Date but before the First Distribution Calculation Date only if they are satisfied, in their absolute discretion, there is a reasonable explanation for the failure to deliver the Notice of Claim by the Cut-Off Date.

Although Scheme Creditors will be notified of the Cut-Off Date, there will only be approximately fourteen (14) Business Days between such notification and the Cut-Off Date. Accordingly, all Scheme Creditors should deliver a Notice of Claim to the Scheme Administrators as soon as possible to avoid any risk of missing the Cut-Off Date.

The Scheme Administrators will consider all Notices of Claim and determine whether each Claim should be admitted or rejected.

If the Scheme Administrators reject a Claim in whole or in part, the relevant Scheme Creditor may within fourteen (14) Business Days of the date of service of the notice of rejection refer the matter to the Adjudicator for further consideration. The decision of the Adjudicator, acting as an expert and not as an arbitrator, will be final and binding on the Company and each Scheme Creditor.

Any Claim which is not the subject of a proof of debt or a Notice of Claim on or prior to the Cut-Off Date or which is rejected by the Scheme Administrators and the Adjudicator in accordance with the procedure set out in Part III of this Explanatory Statement will be treated (and if rejected in part, as to that part only) for all purposes as being wholly and irrevocably discharged and released.

6.4 Dividend distribution

Subject to the admission of a Claim of a Scheme Creditor as an Admitted Claim, the Scheme Creditor with an Admitted Claim concerned will be entitled to receive Dividend(s) for each dollar of its Admitted Claim.

The Scheme Funds will be applied by the Scheme Administrators in the following order of priority:

- (a) firstly, to pay Scheme Costs;
- (b) secondly, to pay Preferential Claims including the Petitioner's taxed costs;
- (c) thirdly, to pay Dividends rateably to Scheme Creditors in respect of the Admitted Claims.

Under the Schemes all the Scheme Creditors with Admitted Claims will receive the Dividends proportionally based on their Admitted Claims.

The above order of priority, and the requirements for admission of Claims as set out in the Schemes, are considered fair and appropriate having regard to the very similar order of priority, and the very similar requirements for admission of Claims, which would apply if the Scheme Funds had been recovered and distributed by liquidators in the course of a liquidation of the Company based on claims proved and admitted in such liquidation in accordance with the laws in Hong Kong and in the Cayman Islands.

The Scheme Administrators have the power to make interim Dividends to Scheme Creditors with Admitted Claims. Such interim Dividends will be paid at a percentage which will enable the Scheme Administrators to set aside a reserve out of the Scheme Funds of an amount equal to the amount required to pay the same percentage interim Dividend on the full amount of any Unadmitted Claims. As soon as practicable after an Unadmitted Claim becomes an Admitted Claim, the Scheme Administrators will distribute to the Scheme Creditor whose Claim has become an Admitted Claim a Dividend on that Admitted Claim equal to the Dividend paid to all other Scheme Creditors with Admitted Claims.

The Scheme Administrators will review from time to time what Scheme Funds are available to pay Dividends and will pay further Dividends, after full payment of Scheme Costs, from the remaining Scheme Funds at such times as the Scheme Administrators determine in their absolute discretion after consultation with the Scheme Creditors' Committee, if established that sufficient Scheme Funds are available and at the termination of the Schemes.

All Dividends paid under the Schemes will be paid by cheque delivered or posted to the address of the Scheme Creditor as appearing in that Scheme Creditor's Notice of Claim or as provided by the Scheme Creditor to the Scheme Administrators under the Schemes. The delivery or posting of the cheque will be a good discharge to the Scheme Administrators. Cheques will be posted at the risk of the addressee and neither the Company nor the Scheme Administrators will be responsible for any loss or delay in transmission. Scheme Creditors will not be entitled to any Dividend which remains unclaimed for more than six (6) months after the date of the cheque to which such Dividend relates.

6.5 Administration of Newcos

- (1) (i) All the Company's direct and indirect shareholdings in the Excluded Companies; (ii) all cash and all cash equivalents held by the Company and the Excluded Companies; (iii) all inter-company loans due by the Excluded Companies to the Company; and (iv) all causes of action, claims which the Company or the Excluded Companies has or may have against any person and the rights and obligations in respect of the litigations or any potential litigations involved under the name of the Company whether known or not known as at the Closing Date (all matters referred to in this sub-clause (iv) collectively known as the "Transferred Claims") will be transferred at a nominal value to Newco B controlled by the Scheme Administrators for the benefit of the Scheme Creditors with Admitted Claims.
- (2) Newco B will provide an indemnity in a form to be agreed by the Company, the Liquidators and the Vendor in favour of the Company on Closing, pursuant to which Newco B shall on demand fully indemnify the Company against any reasonable cost, fee and expense, loss, damage, liability, claim or interest suffered, sustained or incurred by the Company as a result of the Transferred Claims.
- (3) On or after Closing, upon the request of Newco B, the Company and the Liquidators shall, provide all necessary assistance (including but without limitation to, provision of documents and information, procuring and arranging for witnesses to give evidence at the court) to Newco B for the commencement, bringing, conducting and/or prosecuting the Transferred Claims by Newco B.
- (4) The Scheme Administrators may in their sole and absolute discretion dispose of Newco B or realize or sell the assets of Newco B for the benefit of the Scheme Creditors with Admitted Claims and any recovery from the realisation or proceeds of such sale will be pooled into the Scheme Funds.
- (5) If the Scheme Administrators give a notice to the Scheme Creditors that they are satisfied that there will unlikely be any Realisation Proceeds, or further administration of Newco B, the Scheme Administrators may dispose of Newco B, put Newco B into liquidation, deregister the Newco B or otherwise wind-up Newco B in such way and manner as the Scheme Administrators may in their sole and absolute discretion think fit.
- (6) The Scheme Administrators shall, in addition to the power entrusted to them, be entitled:
 - (a) to bring or defend any action or legal proceedings (whether court proceedings, arbitration or otherwise) in the name and on behalf of the Company in respect of the Transferred Claims;

- (b) to engage professional legal advisers and other advisers in relation to any claims or action taken or to be taken out by the Transferred Claims;
 - (c) to make any compromise or arrangement with the Scheme Creditors or persons claiming to be creditors against the Company, or whereby the Company may be rendered liable;
 - (d) to sell any real or personal property and things in action of the Transferred Claims by public auction or private contract, with power to transfer the whole thereof to any person or company, or to sell the same in parcels;
 - (e) to do all such acts and execute, in the name and on behalf of the Company, all deeds, receipts and other documents in connection with all matters incidental to the Transferred Claims;
 - (f) to ascertain and conduct investigations into the affairs of the Company and the Excluded Companies;
 - (g) to demand and receive all debts due or receivables which may fall due to the Company and the Excluded Companies in respect of the Transferred Claims;
 - (h) to enter into negotiations with any party for the purposes of selling the assets in the Transferred Claims;
 - (i) to exercise, in relation to the Transferred Claims, or any part thereof, all such powers, authorities and things as the Scheme Administrators would be capable of exercising if they were the absolute beneficial owner of the same, and to use the name of the Company and any of the Excluded Companies for all or any of such purposes; and
 - (j) to do all such other things as may be necessary for the administration and realisation of the Transferred Claims and distribution of the realisation (after deduction of costs) to the Scheme Creditors with Admitted Claims.
- (7) All costs and expenses in respect of, arising from, in connection with and in incidental to the administration, liquidation, winding-up or deregistration of Newcos, realisation or sale of its assets or otherwise shall be paid out of the Scheme Funds.

6.6 Currency conversion

Admitted Claims in currencies other than Hong Kong Dollars will, for all purposes, be converted to Hong Kong Dollars based on the rate for the purchase of the relevant currency as quoted by the Hong Kong Association of Banks at close of business on the Winding Up Order Date or, in the case of manifest error or

non-publication, such other relevant offered rate of any licensed bank in Hong Kong as the Scheme Administrators will determine and will, for the purpose of the Schemes, be due in Hong Kong Dollars.

6.7 Set offs

The Schemes provide for the set off of cross-claims between the Company and a Scheme Creditor if they arise out of mutual dealings between the Company and the Scheme Creditor before the Winding Up Order Date.

6.8 Bar to proceedings

The Schemes bar the Scheme Creditors and Secured Scheme Creditors (except for the purpose of taking any steps reasonably necessary to enforce any Security Interest), after the Schemes having become effective, from taking any action or proceedings against the Company, its property or assets or for the winding up of the Company or for the purpose of exercising any right of set off against the Company or obtaining any payment, property or security from the Company in relation to any Claim.

Pursuant to both Cayman Islands law and Hong Kong law, a scheme of arrangement may not preclude overseas creditors from taking action against a debtor company in any other jurisdiction in the event that the proper law of the contract governing the debt is not Cayman Islands law or Hong Kong law. Therefore, even though the Schemes are intended to bind foreign creditors, it may not prevent these foreign creditors from instituting legal action against the Company in jurisdictions other than the Cayman Islands or Hong Kong. Nevertheless, these foreign creditors may not be able to enforce any foreign judgment in the Cayman Islands or Hong Kong after the Effective Date.

6.9 Termination of the Schemes

The Schemes will cease to have effect if the Scheme Administrators, with the consent of the Scheme Creditors' Committee, if established, have given notice that they are satisfied that the continuation of the Schemes is no longer beneficial to the Scheme Creditors.

The Scheme Administrators will give notice of the date of termination of the Schemes to the Scheme Creditors as soon as practicable after the Scheme Administrators have determined that the Schemes should be terminated.

6.10 The Scheme Costs

The Scheme Costs including the costs and expenses of the liquidation including the costs, charges, expenses and disbursements necessarily and properly incurred before and after the Effective Date in connection with the liquidation costs, the administration and implementation of the Schemes, including the fees and remuneration of the Scheme Administrators and the Adjudicator will be paid in full out of the Cash Consideration of HK\$80,000,000 (being partial proceeds from the Subscriptions or in case of the lapse of Ms. Chong's Subscription, the YM Subscription and the Placing) to be

transferred by the Company to the Schemes for settlement of debts owed to the Scheme Creditors. The estimated costs to be incurred in the Schemes of approximately HK\$5,870,000 and the liquidation costs of approximately HK\$2,130,000 totaling approximately HK\$8,000,000 while the costs of restructuring is approximately HK\$49,005,000. The Scheme Costs will be paid in priority to the payment of Dividends to the Scheme Creditors of the Company as set out in section 6.4 above.

Set out below are the breakdown of the restructuring costs, the liquidation costs and the Schemes costs:

	<i>HK\$</i> <i>approximately</i>
Restructuring costs	
Sponsor	
Emperor Capital Limited	4,855,000
Financial Adviser	
Lego Corporate Finance Limited	3,717,000
Independent Financial Adviser	
Pelican Financial Limited	650,000
Legal advisers to the Sponsor	
Vincent T.K. Cheung, Yap & Co.	3,376,000
Legal advisers to the Company (as to Hong Kong Law)	
Michael Li & Co.	4,809,000
Counsels to the Company (as to Hong Kong Law)	
Mr John Hui	431,000
Previous legal advisers to the Company and counsel <i>(as to Cayman Islands Law)</i>	2,654,000
Liquidators (services rendered in respect of the Proposed Restructuring)	13,526,000
Valuer	
GCA Professional Services Group	500,000
Internal control reviewer	
BDO Limited	503,000
Reporting accountants to Yu Ming	
BDO Limited	2,477,000
Search agents	878,000
Auditors and reporting accountant to the Company	
ZHONGHUI ANDA CPA Limited	3,528,000
Printer	
Equity Financial Press Limited	2,985,000
The Stock Exchange and the SFC <i>(listing application fees and waiver application fees)</i>	1,602,000
Underwriter	
Sun Hung Kai Investment Services Limited	2,514,000
	Total: <u><u>49,005,000</u></u>
Liquidation costs	
Liquidators (after significant 68.6% discount)	2,130,000
	Total: <u><u>2,130,000</u></u>

HK\$
approximately

Other scheme costs

Scheme Administrators' fees and out-of-pocket disbursements (work including adjudication, dealing with and investigate into assets of the Excluded Companies and Transferred Claims)	2,870,000
Legal costs for asset recovery action	2,000,000
Adjudicator's fees and out-of-pocket disbursements	1,000,000
Total:	5,870,000

6.11 The Scheme Creditors' Committee

The Creditors may vote at the Scheme Meeting for the establishment of a Scheme Creditors' Committee and the constitution thereof. A Scheme Creditors' Committee may or may not be established to protect the interest of the Scheme Creditors. The Scheme Creditors' Committee, if established, will assist the Scheme Administrators in the discharge of their functions and to determine the Scheme Administrator's remuneration. The Scheme Creditors' Committee, if established, will comprise three (3) members and will have a quorum of two (2).

Scheme Creditors will not be entitled to challenge the conduct of members of the Scheme Creditors' Committee provided they have acted in good faith.

The Scheme Creditors' Committee, if established, will each receive written and verbal reports and meet as often as necessary and be responsible for reviewing the fees and expenses incurred after the Effective Date in connection with the administration and implementation of the Schemes. The Scheme Creditors' Committee, if established will also be responsible for reviewing and approving any Scheme Costs to be paid out of Scheme Funds. If satisfied that such fees and expenses have been properly incurred, the Scheme Creditors' Committee, if established, will grant approval for their payment. The Scheme Administrators will provide all relevant information from time to time, as and when required, for the reference of the Scheme Creditors' Committee in the relevant review and approval procedures.

6.12 Notices of Scheme Meeting

In accordance with the directions of the Cayman Court and the Hong Kong Court, a single Scheme Meeting will be convened for the purpose of considering and, if thought fit, approving the Scheme, with or without modification, the approval of the Schemes (which for the avoidance of doubt includes both the Cayman Scheme and the Hong Kong Scheme). The Scheme Meeting will be held at 10:00 a.m. on 5 July 2019 at 4/F, Pico Tower, 66 Gloucester Road, Wan Chai, Hong Kong. The notice convening the Scheme Meeting for the Cayman Scheme is attached at Part I of Appendix 2 to this Explanatory Statement and notice convening the Scheme Meeting for the Hong Kong Scheme is attached at Part II of Appendix 2 to this Explanatory Statement.

6.13 Modification to the Schemes

Prior to the Closing Date, the Company, acting by the Liquidators, and the Vendor may jointly consent, for and on behalf of all concerned, to all modifications or additions to the Schemes or to any condition which the Cayman Court and/or the Hong Kong Court may see fit to approve or impose. On or after the Effective Date, the Scheme Administrators may, acting on the instructions of the Scheme Creditors' Committee, if established, or in respect of any matter which affects the Company acting on the joint instructions of the Scheme Creditors' Committees, if established, and the Company (acting reasonably), at any time if they consider it expedient to do so and it is in the mutual interests of the Scheme Creditors or, in respect of any matters which affect the Company, the Scheme Creditors and the Company, apply to the Cayman Court and/or the Hong Kong Court for the purpose of modifying the provisions of the Schemes or obtaining directions from the Cayman Court and/or the Hong Kong Court on how to deal with any matters or disputes arising in respect of the Schemes. If the Cayman Court and/or the Hong Kong Court approve a modification to the Schemes or give a direction in relation to any matters or disputes arising in respect of the Schemes, it will be binding on the Company and the Scheme Creditors.

7. TAXATION

The Scheme Creditors, whether in Hong Kong or in other jurisdictions, are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of their recoveries under the Schemes. It is emphasised that the taxation implications of the Schemes are personal matters of the Scheme Creditors themselves and not of the Company, the directors and officers, the Liquidators and their legal advisers or any of the other parties involved in the Schemes accept any responsibility for any taxation effect on the liabilities of the Scheme Creditors.

8. CHAIRMAN OF THE SCHEME MEETING

At the direction of the Courts, David Yen Ching Wai, being one of the Liquidators, or, failing him, Stephen Liu Yiu Keung will be appointed to act as chairman of the Scheme Meeting.

9. THE SCHEME ADMINISTRATORS AND THE LIQUIDATORS

The involvement of the Scheme Administrators in the Schemes is solely for the purpose of receiving and enforcing the obligations and undertakings made by the Company pursuant to, *inter alia*, the Schemes and the Restructuring Documents.

None of the Scheme Administrators, the Liquidators, their firms or their advisers, nor any of their representatives' partners, staff or agents will incur any personal liability under the terms of the Schemes, the Restructuring Documents or otherwise.

Prior to the despatch of this Explanatory Statement, the Company obtained directions from the Cayman Court and the Hong Kong Court for the convening of the Scheme Meeting to consider the Schemes and other procedural matters regarding the Schemes.

In accordance with Section 86 of the Companies Law and 670 of the Companies Ordinance, if the Schemes are approved at the Scheme Meeting, the Company must then make a further application to the Courts to sanction the Schemes. The Company cannot complete the Schemes without obtaining these approvals. In this regard, the Company has filed a petition with the Cayman Court and the Hong Kong Court seeking these approvals which are scheduled to be heard on 8 July 2019 (Cayman Islands time) and on 9 July 2019 (Hong Kong time) respectively.

In determining whether to exercise their discretion and sanction the Schemes at the Court Hearing, the Courts will determine, among other things, whether the votes cast at the Scheme Meeting fairly represented the decision of the Scheme Creditors. If the Courts sanction the Schemes and if all of the other conditions to the Schemes are satisfied or (to the extent allowed by law) waived, the Company intends to file the court orders sanctioning the Scheme with the Cayman Islands Registrar of Companies on or before 15 July 2019 (Cayman Islands time) and the Registrar of Companies in Hong Kong on or before 15 July 2019 (Hong Kong time) or as otherwise directed by the Courts, at which time the Schemes will become effective.

CREDITORS SHOULD NOTE THAT THEY ARE ENTITLED TO APPEAR BY PERSON OR BY COUNSEL AT THE CAYMAN COURT HEARING AND THE HONG KONG COURT HEARING EXPECTED TO BE ON 8 JULY 2019 (DATE IN THE CAYMAN ISLANDS) AND ON 9 JULY 2019 (DATE IN HONG KONG) AT WHICH THE COMPANY WILL SEEK, AMONG OTHER THINGS, THE SANCTION OF THE SCHEMES.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the documents listed below are available for inspection by the Scheme Creditors upon reasonable prior notice to the Liquidators at 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong (Fax No. (852) 2827 0715) between the hours of 10:00 a.m. and 4:00 p.m. on weekdays (excluding public holidays) up to and including the Business Day before the date scheduled for the Scheme Meeting:

- (a) Memorandum and articles of association of the Company;
- (b) documents containing, *inter alia*, the terms of the Schemes and the Explanatory Statement of the Schemes;
- (c) the Acquisition Agreement;
- (d) the Ms. Chong's Subscription Agreement;
- (e) the YM Subscription Agreement;
- (f) the Placing Agreement;

- (g) the circular of the Company dated 27 April 2019 to Shareholders in relation to the Resumption Proposal which, *inter alia*, provides financial information on the Group subject to receipt of approval of the circular by the Stock Exchange and the circular being published by the Company; and
- (h) the last audited accounts of the Company for the year ended 30 June 2018.

11. DEFINITIONS

In this Explanatory Statement and the appendices hereto the following expressions will, unless the context otherwise requires, have the meanings respectively set opposite such expressions:

Acquisition	the proposed acquisition of the entire equity interest in Yu Ming by the Company
Acquisition Agreement	the acquisition agreement dated 24 August 2016 as supplemented by the supplemental agreement dated 7 February 2017, the second supplemental agreement dated 13 November 2017, the third supplemental agreement dated 2 October 2018 and the fourth supplemental agreement dated 28 December 2018 in relation to the Acquisition
Adjudicator	Mr. Terry LK Kan of SHINEWING Specialist Advisory Services Limited or failing him, such other Person as the Scheme Administrators will nominate
Admitted Claims	all Claims of Scheme Creditors which have been admitted by the Scheme Administrators in accordance with the terms of the Schemes
Assured Entitlement	the entitlement of the Qualifying Shareholders to apply for the Reserved Shares on an assured basis under the Preferential Offering determined on the basis of their respective shareholding in the Company on the record date of the Preferential Offering
Business Day	a day (other than a Saturday or Sunday) on which banks are open for business in Hong Kong and the Cayman Islands
BVI	the British Virgin Islands

Capital Reduction	the proposed reduction of the nominal value of each issued Share from HK\$0.1 to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.09 on each of the issued Shares
Capital Reorganisation	the proposed restructuring of the capital of the Company comprising the Capital Reduction, the Share Consolidation and the Increase in Authorized Share Capital
Cash Advance	the cash advance made by the Vendor to the Company under the supplemental Acquisition Agreement dated 7 February 2017 and the third supplemental Acquisition Agreement dated 2 October 2018 for the settlement of professional fees incurred by the Company
Cash Consideration	HK\$80,000,000
Cayman Court	the Grand Court of the Cayman Islands
Cayman Scheme	the proposed scheme of arrangement pursuant to Section 86 of the Companies Law and made between the Company and the Scheme Creditors in its present form or with or subject to any non-material modifications, additions, or conditions that the Cayman Court may approve or impose
Claim	any debt, liability or obligation of the Company as at the Winding Up Order Date, whether known or unknown, certain or contingent, whether liquidated or unliquidated and which will include without limitation any debt or liability to pay money or money's worth; any liability under any statute or enactment; any liability for breach of trust; any liability in contract, tort or bailment and any liability arising out of an obligation to make restitution, together with all interest on such debt, obligation or liability up to the Winding Up Order Date
Closing	completion of the transactions contemplated under the Resumption Proposal

Closing Date	the date on which all the transactions required or contemplated by and under the Resumption Proposal have occurred (being the date on which the last of such transactions takes place) or such other date as the Liquidators, the Company and the Vendor may agree in writing
Closing Notice	the written notice of the Closing Date to be given by the Liquidators to the Vendor in relation to the closing of all of the transactions contemplated under the Resumption Proposal
Companies Law	the Companies Law (2018 Revision) of the Cayman Islands as amended from time to time
Companies Ordinance	Companies Ordinance, Chapter 622 of the Laws of Hong Kong
Company	China Agrotech Holdings Limited (In Liquidation), a company incorporated in the Cayman Islands with limited liability with registration number 92469
Courts	collectively, the Cayman Court and the Hong Kong Court
Cut-Off Date	the date to be determined by the Scheme Administrators which is twenty-one (21) Business Days after the date of the advertisements referred to in Clause 3.1 of the Scheme of Arrangement in Part III of this Explanatory Statement
CWUMPO	Companies (Wind Up and Miscellaneous Provisions) Ordinance, Chapter 32, Laws of Hong Kong
Dividend(s)	the proportions, expressed as a percentage, of Admitted Claims payable to the Scheme Creditors out of the Scheme Funds under the Schemes
Document	this document containing the Explanatory Statement in Part II, the Scheme of Arrangement in Part III and the appendices

Effective Date	the date on which the Schemes become effective by the registration of an office copy of an order of the Hong Kong Court sanctioning the Hong Kong Scheme with the Registrar of Companies in Hong Kong and the delivery of an office copy of an order of the Cayman Court sanctioning the Cayman Scheme to the Registrar of the Companies in the Cayman Islands for registration
Enlarged Group	the Group immediately following the completion of the Acquisition and the Schemes becoming effective
Excluded Companies	<p>the following subsidiaries of the Company:</p> <ol style="list-style-type: none">1. Topmart Limited 浩倫有限公司;2. Sky Link International Limited 上益國際有限公司;3. Loyal Faith International Industrial Limited 忠信國際實業有限公司;4. China Ecotech Limited 中國生態科學有限公司;5. Top Invest Limited;6. Present Sino Limited;7. Yut Yat Company Limited;8. Shanxi Astrowood Bioengineering Development Co., Ltd 山西天行若木生物工程開發有限公司;9. Fujian Agrotech Holdings Co., Ltd 福建浩倫農業科技集團有限公司;10. Fuzhou Agrotech Crop Science Co., Ltd 福州浩倫作物科學有限公司;11. Fujian Agrotech Oriental Import and Export Co., Ltd. 福建浩倫東方資源物產有限公司;12. Jiangsu Haolun Agrotech Co., Ltd 江蘇浩倫農業科技有限公司;13. Hunan Gaoning Camellia Oil Development Co. Ltd 湖南高甯山茶油開發有限公司;

14. Hunan Haolun Agrotech Co., Ltd 湖南浩倫農業科技有限公司;
15. Fujian Agrotech Bioengineering Co., Ltd 福建浩倫生物工程技術有限公司;
16. Fujian Chunri Forestry Development Co., Ltd 福建省春日農林發展有限公司;
17. Jinan Lurun Crop Science Co., Ltd 濟南綠潤作物科學有限公司;
18. Jiangxi Haolun Agrotech Co., Ltd 江西浩倫農業科技有限公司;
19. Jiangxi Yuanyang Chemical Fertilizer Co., Ltd 江西遠洋化肥有限公司;
20. Anhui Haolun Agrotech Co., Ltd 安徽浩倫農業科技有限公司;
21. Fujian Sanming Agrotech Landscaping and Plant Protection Co., Ltd. 福建省三明市浩倫園藝植保有限公司;
22. Fujian Nanping City Haolun Crop Science Co., Ltd 福建南平浩倫作物科學有限公司;
23. Shandong Haolun Agrotech Co., Ltd 山東浩倫農業科技有限公司; and
24. Shanxi Haolun Agrotech Co., Ltd 山西浩倫農業科技有限公司

Excluded Shareholder(s)

the overseas shareholder(s) whom, based on the legal opinions provided by the relevant overseas legal adviser(s) to the Company, the Liquidators are of the opinion that it is necessary or expedient to exclude from the Preferential Offering on account either of the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in such places

Explanatory Statement

this explanatory statement

First Distribution Calculation Date	the date, after the Cut-Off Date, which is three (3) Business Days before the date on which the Scheme Administrators intend to pay the first Dividend to Scheme Creditors
Form of Proxy	the form of proxy set out in Appendix 4 and used by the Scheme Creditors for the Scheme Meeting
Group	the Company and its subsidiaries as set out in Schedule to the Scheme of Arrangement in Part III of this Explanatory Statement
HK\$ or Hong Kong Dollars	the lawful currency for the time being of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Hong Kong Court	the High Court of Hong Kong
Hong Kong Scheme	the proposed scheme of arrangement pursuant to Section 670 of the Companies Ordinance and made between the Company and the Scheme Creditors in its present form or with or subject to any non-material modifications, additions, or conditions that the Hong Kong Court may approve or impose
Increase in Authorised Capital	upon the Capital Reduction and the Share Consolidation having become effective, the increase of the authorised capital of the Company from HK\$300,000,000 divided into 3,000,000,000 Shares to HK\$1,000,000,000 divided into 10,000,000,000 New Shares
Independence Placee(s)	the placees, who and whose ultimate beneficial owners are independent third parties to the Company, the Vendor and their respective connected persons (as defined under the Listing Rules), to be procured by the Placing Agent under the Placing and the Underwriter under the Public Offer
Investor or Ms. Chong	Ms. Chong Sok Un, M.H., an anchor investor under the Ms. Chong's Subscription Agreement, one of the Independent Placees

Liquidators	Stephen Liu Yiu Keung and David Yen Ching Wai, the joint and several liquidators of the Company
Listing Rules	the rules governing the listing of securities on the Stock Exchange
Mr. Warren Lee	Mr. Lee Wa Lun, Warren, the director of Yu Ming, a Proposed Director and also a subscriber to the YM Subscription Agreement
Ms. Chong's Subscription	the subscription of 512,698,586 Subscription Shares by Ms. Chong pursuant to the Ms. Chong's Subscription Agreement
Ms. Chong's Subscription Agreement	the conditional share subscription agreement dated 28 December 2018 entered into between the Company and Ms. Chong in relation to the Ms. Chong's Subscription
New Shares	ordinary share(s) of HK0.1 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
Newco A	Grand Capital Limited, a company incorporated in Hong Kong with limited liability, being a special purpose vehicle held and controlled by the Liquidators as at the date of this Explanatory Statement or such other company as may be nominated by the Scheme Administrators, and the holder of the Scheme Trust Account that holds the Cash Consideration
Newco B	Well Fund Limited, a company incorporated in Hong Kong with limited liability, being a special purpose vehicle held and controlled by the Liquidators as at the date of this Explanatory Statement or such other company as may be nominated by the Scheme Administrators, and will be transferred to the Scheme Administrators for dealing with the Excluded Companies and the Transferred Claims
Newcos	collectively, the Newco A and Newco B

Notice of Claim	a proof of debt previously submitted to and registered at the Official Receiver's Office, a Claim in writing made by any Person claiming to be a Scheme Creditor substantially in the form set out at Appendix to this Explanatory Statement or a Notice of Claim submitted to the Liquidators for the purposes of the Scheme Meeting, whichever is delivered later
Offer Price	HK\$0.52 per Offer Share, the price at which the Offer Shares are to be offered under the Public Offer
Offer Shares	241,705,083 New Shares proposed to be issued under the Public Offer (for the avoidance of doubt, including the Reserved Shares)
Person(s)	an individual, partnership, company, body corporate, joint stock company, trust, unincorporated association or body of persons (including a partnership or consortium), joint venture or other entity, or a government or any political subdivision or agency thereof
Petition	the winding up petition in HCCW 325 of 2014 presented by the Petitioning Creditor on 11 November 2014, which claimed that the Company is indebted to it in the amount of approximately RMB82,670,000
Petition Costs	the legal costs of the Petitioning Creditor in relation to the Petition and which are to be determined by the Scheme Administrators and if no agreement is reached, the legal costs to be subject to taxation accordingly
Petitioning Creditor	Concept Capital Management Limited
Placing	the placing of the 512,698,586 Subscription Shares not subscribed by Ms. Chong upon the lapse of the Ms. Chong's Subscription Agreement
Placing Agent/Underwriter	Sun Hung Kai Investment Services Limited, a company incorporated in Hong Kong, a licensed corporation under the SFC authorized to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities

Placing Agreement	the conditional placing agreement dated 28 December 2018 entered into between the Company and the Placing Agent in respect of the Placing
Placing Price	HK\$0.52 per Placing Share, the price at which the Placing Shares are to be issued and allotted to the Independent Placees pursuant to the Placing Agreement
Placing Shares	512,698,586 New Shares falling to be allotted and issued pursuant to the Placing Agreement
PRC	the People's Republic of China which, for the purpose of this Explanatory Statement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
Preferential Claim	any claim which would be treated as a preferential claim including the Petition Costs and have priority in a winding up in Hong Kong pursuant to Section 265 of CWUMPO or would have priority in the Cayman Islands pursuant to Section 141 of the Companies Law and of which the Scheme Administrators have notice prior to the First Distribution Calculation Date
Preferential Claim Amount	the amount of a Preferential Claim
Preferential Offering	the preferential offering of the Offer Shares to the Qualifying Shareholders for subscription as Assured Entitlement under the Public Offer
Proposed Directors	Mr. Warren Lee, Mr. Lam Chi Shing, Ms. Li Ming, Mr. Li Chi Kong, Mr. Chan Sze Chung, Mr. Suen Chi Wai, Mr. Sum Kei, Wilfred being the persons proposed to be appointed as directors of the Company effective from Acquisition Completion or, as the case may be, completion of the Proposed Restructuring
Proposed Restructuring	the proposed restructuring of the Group, which under current structure involving, among other things, the Capital Reorganisation, the Schemes, the Subscriptions, the Placing (if applicable), the Public Offer and the Acquisition as contemplated under the Resumption Proposal

Public Offer	the issue and offer of the Offer Shares for subscription in Hong Kong on and subject to the terms and conditions to be set out in the Public Offer Prospectus and the application forms, for the avoidance of doubt, including the Preferential Offering
Public Offer Prospectus	the prospectus to be issued by the Company in connection with the Public Offer
Qualifying Shareholder(s)	the Shareholder(s) as at the record date of the Preferential Offering other than the Excluded Shareholders
Realisation Proceeds	the recovery of the Transferred Claims and proceeds of realisation of the assets, if any, sold of the Newco B pursuant to Clause 2 of the Scheme of Arrangement in Part III of this Explanatory Statement
Reserved Shares	150,264,780 Offer Shares being offered by the Company pursuant to the Preferential Offering at the Offer Price to the Qualifying Shareholders as Assured Entitlement
Restructuring Documents	collectively, the Acquisition Agreement (together with any relevant supplemented agreements), the Ms. Chong's Subscription Agreement, the YM Subscription Agreement the Placing Agreement, the Underwriting Agreement, this Explanatory Statement and all other documents necessary to implement the Resumption Proposal
Resumption Proposal	resumption proposal of the Company dated 24 August 2016 made by the Vendor and submitted to the Stock Exchange, as amended and varied from time to time, in relation to the re-organisation of the Group, including the Schemes, as varied and amended from time to time
RMB	Renminbi, the lawful currency of the PRC
Scheme Administrators	Stephen Liu Yiu Keung and David Yen Ching Wan

Scheme Costs	all the expenses of the liquidation including costs, charges, expenses and disbursements necessarily and properly incurred by the Liquidators before and after the Effective Date, in connection with the conduct of the liquidation (including the investigations conducted and asset recovery undertaken by the Liquidators and the negotiation, implementation and administration of the Schemes) together with the fees, costs including the fees and remuneration of the Scheme Administrators and the Adjudicator (to the extent approved by the Scheme Administrators' Committee if such committee is appointed)
Scheme Creditor(s)	any Person (other than the Vendor, Persons with Preferential Claims to the extent of their Preferential Claim Amount, the Petitioner in respect of the Petition Costs, Secured Creditors to the extent of the Secured Claim Amount and any Person with a claim that is to be treated as and ranks as an expense of the liquidation) with the benefit of a Claim against the Company
Scheme Creditors' Committee	the committee of Scheme Creditors which may or may not be formed and is responsible for approving the Scheme Costs and for sanctioning the exercise of certain powers by the Scheme Administrators
Scheme Funds	all funds from time to time credited to the Scheme Trust Account, including any interest thereon
Scheme Meeting	the meeting of the Scheme Creditors to be convened: i) Pursuant to the order of the Cayman Court for the purpose of considering and, if thought fit, approving with or without modification the Cayman Scheme; and ii) Pursuant to the order of the Hong Kong Court for the purpose of considering and, if thought fit, approving with or without modification the Hong Kong Scheme.

Scheme Trust Account	the interest bearing trust account to be opened in the names of the Scheme Administrators with a licensed bank in Hong Kong for the purposes of holding Scheme Funds for the benefit of the Scheme Creditors
Schemes	collectively the Cayman Scheme and the Hong Kong Scheme
Secured Claim Amount	an amount equal to the agreed value of or, upon realisation, the net proceeds of realisation of a Security Interest
Secured Scheme Creditor	a creditor of the Company with the benefit of a Security Interest in respect of its Claim
Security Interest	any mortgage, pledge, lien, charge, assignment, hypothecation or security interest, or any other agreement or arrangement having the effect of conferring security, held by or for a Scheme Creditor to secure the obligations of the Company, including for the avoidance of doubt, any proceeds of realisation of any of the above
Share(s)	ordinary share(s) of HK\$0.10 each of the existing Share Capital of the Company
Share Consolidation	10 issued Shares of HK\$0.01 each upon the Capital Reduction becoming effective will be consolidated into one New Share of HK\$0.1 each
Shareholder(s)	the Person(s) listed in the Company's register of members as the holder(s) of shares in the Company from time to time
Special Deal	the proposed settlement of the indebtedness due to the Scheme Creditors, who are Shareholders, under the Schemes, which will constitute a special deal under Note 5 to Rule 25 of the Takeovers Code
Stock Exchange	The Stock Exchange of Hong Kong Limited
Subscribers	collectively, Ms. Chong, Mr. Warren Lee and the employees of Yu Ming (apart from Mr. Warren Lee)

Subscription(s)	the subscriptions of the Subscription Shares by the Subscribers pursuant to the respective Subscription Agreements
Subscription Agreements	collectively, the Ms. Chong's Subscription Agreement and the YM Subscription Agreement
Subscription Price	HK\$0.52 per Subscription Share, the price at which the Subscription Shares are to be offered under the Subscriptions
Subscription Shares	797,448,586 New Shares in aggregate to be subscribed for by the Subscribers pursuant to the Subscription Agreements, and each a Subscription Share
subsidiary	<p>in relation to any Person at any time:</p> <ul style="list-style-type: none">(i) any company, body corporate or joint stock company of which more than 50% of the issued and outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of that corporation will or might have voting power upon the occurrence of any contingency);(ii) any partnership or joint venture of which more than fifty per cent, of the interest in the capital or profit of such partnership or joint venture; or(iii) any trust or estate of which more than fifty per cent, of the beneficial interest in such trust or estate, <p>which is at the time directly or indirectly owned or controlled by that Person, by that Person and one or more of its other Subsidiaries or by one or more of that Person's other Subsidiaries</p>
Takeovers Code	the Hong Kong Codes on Takeovers and Mergers and Shares Buy-backs

Transferred Claim(s)	all claims (including receivables) which the Company and the Excluded Companies may have against any Person, including any claims against its present or former directors, officers, auditors and other advisers and transferred to Newco B
Unadmitted Claims	any Claim which has not been admitted or has been rejected by the Scheme Administrators and is subjected to the Adjudicator's decision
Underwriting Agreement	the underwriting agreement to be entered into between the Underwriter and the Company pursuant to which the Underwriter will fully underwrite the Offer Shares not accepted by the Shareholders under the Public Offer (including the Preferential Offering)
Vendor	Fine Era Limited, a company incorporated with limited liability under the laws of BVI whose registered office is at Vistra (BVI) Limited, Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
Voting Claims	the Claim of a Scheme Creditor calculated in accordance with Section 6.1 (Valuation of Claims) of the Explanatory Statement and admitted for the purposes of voting at the Scheme Meeting
Winding Up Order Date	9 February 2015 being the date the Company was ordered to be wound up by the Hong Kong Court
YM Subscription	the subscription of 284,750,000 Subscription Shares by Mr. Warren Lee and the employees of Yu Ming pursuant to the YM Subscription Agreement
YM Subscription Agreement	the conditional share subscription agreement dated 28 December 2018 entered into among the Company, Mr. Warren Lee and the employees of Yu Ming in relation to the YM Subscription

Yu Ming

Yu Ming Investment Management Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation under the Securities and Futures Ordinance authorised to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) and being the target company for the Acquisition

%

per cent.

Between

CHINA AGROTECH HOLDINGS LIMITED
(In Liquidation)
(incorporated in the Cayman Islands with limited liability)

and

Its
SCHEME CREDITORS

SCHEMES OF ARRANGEMENT

Under Section 86 of the Companies Law (2018 Revision) of the Cayman Islands
and Section 670 of the Companies Ordinance (Cap. 622) of Hong Kong

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SCHEME ADMINISTRATORS**1. Scheme Administrators**

- 1.1 Stephen Liu Yiu Keung and David Yen Ching Wai are appointed as Scheme Administrators of the Cayman Scheme and the Hong Kong Scheme jointly and severally. If at any time either Scheme Administrator wishes to resign or is incapable of acting, he will be replaced as Scheme Administrator by a suitably qualified Person nominated by the remaining Scheme Administrator (if any). Any Scheme Administrator so appointed will, as soon as practicable following his appointment, give written notice of his appointment to all Scheme Creditors.
- 1.2 The Scheme Administrators will be entitled to exercise such rights and powers as are necessary or desirable to give effect to the provisions of the Schemes and matters incidental thereto, and will also be vested with powers equivalent to those vested in a liquidator in a winding up of a company by the Hong Kong Court and in the case of the Cayman Scheme, powers equivalent to those vested in a liquidator in a winding up of a company by the Cayman Court, save that in the case of the Hong Kong Scheme any power exercisable by such a liquidator only with the sanction of a committee of inspection will, in the case of the Scheme Administrators, be exercisable only with the sanction of the Scheme Creditors' Committee, if established, and in the case of the Cayman Scheme, any such powers will be exercisable only with the sanction of the Scheme Creditors Committee (which sanction will not be unreasonably withheld) without requiring the sanction of the Cayman Court.
- 1.3 Where two persons for the time hold office as Scheme Administrators, they shall be entitled to act jointly and severally (except as provided in Clause 1.7 below).
- 1.4 Each person from time to time appointed as Scheme Administrator shall be an individual qualified to act as liquidator of a company in Hong Kong and/or experienced in handling restructuring or insolvency of companies in Hong Kong.
- 1.5 Any person for the time being holding office as Scheme Administrator may at any time resign by giving to the Creditors and the other person (if any) for the time being holding office as Scheme Administrator notice in writing of not less than one month.
- 1.6 If any person for the time being holding office as Scheme Administrators:
- (a) dies;
 - (b) is convicted of an indictable offence;
 - (c) resigns his/her office by notice in accordance with Clause 1.5 above;
 - (d) becomes bankrupt;

- (e) is disqualified from acting as a director of a company under the Companies Ordinance or the Companies Law; or
- (f) is admitted to hospital because of mental disorder or becomes the subject of an order made by a court having jurisdiction whether in Hong Kong or elsewhere in matters concerning his mental disorder;

he/she shall cease to hold office as Scheme Administrator.

1.7 If at any time only one person holds office as Scheme Administrator, he/she may appoint only one person to hold office with him/her as Scheme Administrator. Such person so appointed shall be duly qualified in accordance with Clause 1.4 above and not ineligible by reason of any of the matters referred to in Clause 1.6 above, and shall have consented to act. Such appointment shall be by instrument in writing, signed by the appointer.

2. Constitution of Scheme Funds

- 2.1 The Scheme Administrators will on, or as soon as reasonably practicable after, the Effective Date open the Scheme Trust Account to be held by Newco A and will deposit all Cash Consideration into the Scheme Trust Account.
- 2.2 The Scheme Administrators will on, or as soon as reasonably practicable after, the Effective Date open the Scheme Trust Account to be held by Newco B and will deposit all monies (save and except for the Cash Consideration) paid to or realized by them in their capacity as Scheme Administrators other than payments to them in respect of approved Scheme Costs into the Scheme Trust Account.
- 2.3 All property received by the Scheme Administrators in their capacity as such, including the Scheme Funds, will be held on trust to pay the Scheme Costs, the Preferential Claims (if any) and Dividends in the order of priority referred to in Clause 5.2.
- 2.4
 - (a) As soon as practicable after the Closing Date, the Scheme Administrators will deposit HK\$80,000,000 of the Cash Consideration into the Scheme Trust Account to be held by Newco A;
 - (b) Any cash held by or for the account of the Company at the time of issue of the Closing Notice will be transferred by the Company to or for the benefit of the Scheme Administrators and will be paid by the Scheme Administrators into the Scheme Trust Account to be held by Newco A; and
 - (c) All rights, title and interest in the companies transferred to Newco B by the Company and any assets (including Transferred Claims) transferred to Newco B by the Company with effect from the Closing Date will be dealt with by the Scheme Administrators so as to generate a realisation as soon as

practicable following which any Realisation Proceeds will be paid by the Scheme Administrators into the Scheme Trust Account to be held by Newco B.

3. Proof and determination of Claims

3.1 On or as soon as practicable after the Effective Date, the Scheme Administrators will give notice to all Scheme Creditors of whom they are aware by letter and by advertisement (in one English language newspaper and one Chinese Language newspaper in Hong Kong, one Chinese language newspaper in the PRC and one English language newspaper in the Cayman Islands) that Scheme Creditors must submit a Notice of Claim to the Scheme Administrators on or before the Cut-Off Date unless a Person claiming to be a Scheme Creditor has already submitted proofs of debts to and registered at the Official Receiver's Office or submitted a Notice of Claim, provided that if such Person submits a further Notice of Claim on or before the Cut-Off Date, such further Notice of Claim will supersede any prior Notice of Claim.

3.2 Each Scheme Creditor will deliver to the Scheme Administrators at its own expense:

- (a) on or before the Cut-Off Date, a Notice of Claim in respect of the amount of the indebtedness claimed to be owed to it by the Company, calculated as to principal and interest on the Winding Up Order Date, completed substantially in accordance with the instructions printed on such Notice of Claim; and
- (b) such other documents or other evidence as the Scheme Administrators may consider necessary for the purpose of substantiating its Claim.

Any notification in writing of a Claim to the Liquidators by a Person claiming to be a Scheme Creditor substantially in the form set out in Appendix 3 to this document on or before the Cut-Off Date will be deemed to be delivery of a Notice of Claim to the Scheme Administrators in compliance with this Clause. Any Notice of Claim delivered to the Scheme Administrators in compliance with this Clause will supersede any prior Notice of Claim.

3.3 (a) Unless a Secured Scheme Creditor has agreed a value for its Security Interest pursuant to sub-clause (b) below or released its Security Interest pursuant to sub-clause (d) below, the Admitted Claim of that Secured Scheme Creditor will be determined as soon as practicable after realisation of its Security Interest and the net proceeds of such realisation will be deducted from its Claim in determining the amount of its Admitted Claim.

- (b) A Secured Scheme Creditor may agree with the Scheme Administrators a value for its Security Interest for the purposes of determining the amount of its Admitted Claim, which agreed value will be deducted from its Claim for the purposes of determining the amount of its Admitted Claim.

- (c) A Secured Scheme Creditor will account to the Scheme Administrators for any amounts received in excess of its Claim from the net proceeds of realisation of its Security Interest and distributions received by it under the Schemes.
 - (d) A Secured Scheme Creditor may release its Security Interest in which case no deduction on account of its Security Interest will be made from its Claim for the purpose of calculating the amount of its Admitted Claim.
- 3.4 A Scheme Creditor may claim in full in respect of any guarantee given by the Company except that the amount of its Admitted Claim will be reduced by the amount of its receipts from the primary obligor or any co-surety prior to the later of the date on which it submits or is deemed to have submitted a Notice of Claim pursuant to Clause 3.2 and the Effective Date.
- 3.5 The Scheme Administrators will examine every Notice of Claim and the related evidence and will as soon as practicable decide whether to admit or reject the Claim, in whole or in part, or require further evidence in support of it. The Scheme Administrators will send to each Scheme Creditor notice in writing of their decision relating to that Scheme Creditor's Claim. Where the decision is to reject the Claim in whole or in part, the Scheme Administrators' notice of decision is to be accompanied by written reasons for the decision.
- 3.6 Any amount of an Admitted Claim which is in a currency other than Hong Kong Dollars will for all purposes be converted to Hong Kong Dollars based on the rate for the purchase of the relevant currency quoted by the Hong Kong Association of Banks at the close of business on the Winding Up Order Date or, in the event of manifest error or non-publication, such other offered rate for the purchase of the relevant currency of any licensed bank in Hong Kong as the Scheme Administrators will select and will, for the purpose of the Schemes, be due in Hong Kong Dollars.
- 3.7 Interest on any amount of the indebtedness owing under a Claim which is payable at a certain time or otherwise will not be admitted as part of the Admitted Claim unless arising out of a contract or judgment and only for a period ending on or before the Winding Up Order Date.
- 3.8 Where there have been mutual credits, mutual debts or other mutual dealings between the Company and any Scheme Creditor before the Winding Up Order Date, an account will be taken of what is due from each party to the other in respect of such mutual dealings and the sums due from one party will be set off against the sums due from the other party and only the balance of the account, if any, will be admitted.
- 3.9 (a) If a Scheme Creditor is dissatisfied with the Scheme Administrators' decision in respect of his Notice of Claim, he may within fourteen (14) Business Days from the date of service of the notice of the decision as provided in Clause 3.5, apply in writing to the Adjudicator for a review of

such decision. The Scheme Creditor must pay to the Adjudicator on account of the Adjudicator's costs the sum of HK\$50,000 (or such other amount as the Scheme Administrators and the Scheme Creditor may agree), failing which the Scheme Creditor's application for review will be invalid.

- (b) The Adjudicator, acting as an expert and not as an arbitrator, will adopt such procedures as the Adjudicator may think fit, to enable him to decide whether the decision should be upheld, reversed or varied. The Scheme Administrators will use reasonable endeavours to procure that the Adjudicator delivers notice of his decision to the relevant Scheme Creditor and the Scheme Administrators as soon as practicable after the Scheme Creditor's application for review. The Adjudicator's decision will be final, conclusive and binding on the Scheme Creditor.
 - (c) If no valid application for a review of the Scheme Administrators' decision is served on the Adjudicator by the Scheme Creditor to whose Claim that decision relates within fourteen (14) Business Days of service of notice of the Scheme Administrators' decision, that decision will be binding on the Scheme Creditor.
 - (d) The Adjudicator's costs will be paid by the relevant Scheme Creditor to the Adjudicator on demand. For the avoidance of doubt, the Adjudicator will be entitled to set off the payment on account referred to in Clause 3.9(a) above to satisfy the Adjudicator's costs.
- 3.10 (a) A Notice of Claim may be withdrawn or varied at any time with the prior written agreement of the Scheme Administrators.
- (b) The Scheme Administrators will not consider Notices of Claim received after the Cut-Off Date except in exceptional circumstances. The Scheme Administrators may accept a Notice of Claim received after the Cut-Off Date but before the First Distribution Calculation Date only if they are satisfied, in their absolute discretion, that there is a reasonable explanation by the Scheme Creditor for the failure to deliver the Notice of Claim by the Cut-Off Date.
- 3.11 For the avoidance of doubt, and unless otherwise permitted by law, any Claim or part of a Claim which is not proved in accordance with this Part or which is rejected by the Scheme Administrators or the Adjudicator, as the case may be, will be treated (and, if rejected in part, as to that part only) for all purposes as having being wholly and irrevocably discharged and released and no Scheme Creditor will be entitled to payment thereof or to make any Claim or initiate any proceedings against the Company in relation thereto.

4. Release and discharge of liabilities

- 4.1 Save as provided in Clause 4.2, from the Effective Date Scheme Creditors and Secured Scheme Creditors will not make any demand or exercise any right of set off (other than in accordance with Clause 3.9) against the Company in respect of any Claim, nor be able to seek to enforce any Claim from the Company by legal process or otherwise, or to take any step or proceedings against the Company or its assets for the purpose of enforcing or recovering any Claim by way of execution or otherwise, or to commence or prosecute or join in any proceedings to wind up the Company.
- 4.2 A Secured Scheme Creditor will be able to take any steps reasonably necessary to enforce any Security Interest.
- 4.3 With effect from the Effective Date (provided that all those matters contemplated to occur on the Closing Date have occurred), each Scheme Creditor shall and shall be deemed to completely and forever release, waive, void, acquit, forgive, extinguish and discharge unconditionally each of the Company, the Liquidators and its/their personnel and affiliates, and each of their respective firms' and companies' current and former direct and indirect affiliates, equity holders, members, officers, directors, employees, advisers, principals, legal advisers, professional advisers, accountants, investment banks, consultants, agents, and representatives (including their respective affiliates), and in their capacities as such from any and all claims and/or liabilities which are or relate to the Claims, in consideration of the right to participate with each other Scheme Creditor in the distribution of the Scheme Funds on the terms of the Schemes. Each Secured Scheme Creditor will discharge and waive its Claim against the Company in respect of its Secured Claim Amount upon realisation or release of its Security Interest or upon agreement with the Scheme Administrators on a value for its Security Interest.

5. Distribution of Scheme Funds in the Scheme Trust Account

- 5.1 The Scheme Funds will be used solely for the purposes of the Schemes including the payment of the costs of the Scheme Costs, the Preferential Claims (if any) and Dividends.
- 5.2 The Scheme Funds, whilst controlled by the Scheme Administrators, will be applied in or towards payment (in the following order); firstly the Scheme Costs; secondly Preferential Claims including the Petitioning Creditor's Petition Costs, if any; and, thereafter, the balance will be applied towards payment of Dividends to Scheme Creditors with Admitted Claims ranking *pari passu* and rateably amongst them as determined by the Scheme Administrators pursuant to Clause 5.4 hereof.
- 5.3 After payment of part of the Scheme Costs and known Preferential Claims (if any), the Scheme Administrators will reserve in the Scheme Funds an estimated sum sufficient for the payment of anticipated Scheme Costs. As soon as practicable after the Effective Date the Scheme Administrators will determine the

amount of Scheme Funds available for distribution, having regard to the reserve required for payment of Scheme Costs and the aggregate amount of Unadmitted Claims. On or as soon as practicable after the First Distribution Calculation Date, the Scheme Administrators will then pay Dividends to Scheme Creditors with Admitted Claims in amounts determined in accordance with Clause 5.4.

- 5.4 The Scheme Administrators will set the Dividend at a percentage which will enable them to pay a Dividend to all the Scheme Creditors with Admitted Claims and at the same time reserve out of the Scheme Funds an amount equal to the amount required to pay the same percentage Dividend on the full amount of any Unadmitted Claims. As soon as practicable after an Unadmitted Claim becomes an Admitted Claim, the Scheme Administrators will distribute to the Scheme Creditor whose Claim has become an Admitted Claim a percentage Dividend in respect of that Admitted Claim equal to the percentage paid to all other Scheme Creditors with Admitted Claims.
- 5.5 The Scheme Administrators will review from time to time what Scheme Funds are available to pay Dividends and will pay further Dividends at such times the Scheme Administrators determine in their absolute discretion in consultation with the Scheme Creditors Committee that sufficient Scheme Funds are available and at the termination of the Schemes.

6. Administration of Newcos

- (1) All the Cash Consideration will be transferred to the Scheme Trust Account to be held by Newco A.
- (2) (i) All the Company's direct and indirect shareholdings in the Excluded Companies; (ii) all cash and all cash equivalents held by the Company and the Excluded Companies; (iii) all inter-company loans due by the Excluded Companies to the Company; and (iv) all causes of action, claims which the Company or the Excluded Companies has or may have against any person and the rights and obligations in respect of the litigations or any potential litigations involved under the name of the Company whether known or not known as at the date of completion of the transfer of the Excluded Companies and the Transferred Claims (all matters referred to in this sub-clause (iv) collectively known as the "Transferred Claims") will be transferred at a nominal value to Newco B controlled by the Scheme Administrators for the benefit of the Scheme Creditors with Admitted Claims.
- (3) Newco B will provide an indemnity in a form to be agreed by the Company, the Liquidators in favour of the Company on completion of the transfer of the Excluded and the Transferred Claims, pursuant to which Newco B shall on demand fully indemnify the Company against any reasonable cost, fee and expense, loss, damage, liability, claim or interest suffered, sustained or incurred by the Company as a result of the Transferred Claims.

- (4) On or after completion of the transfer of the Excluded and the Transferred Claims, upon the request of Newco B, the Company and the Liquidators shall, provide all necessary assistance (including but without limitation to, provision of documents and information, procuring and arranging for witnesses to give evidence at the court) to Newco B for the commencement, bringing, conducting and/or prosecuting the Transferred Claims by Newco B.
- (5) The Scheme Administrators may in their sole and absolute discretion to recover any claims under the Transferred Claims, dispose of the Newco B or realize or sell the assets of the Newco B for the benefit of the Scheme Creditors with Admitted Claims. Any Realisation Proceeds will be pooled into the Scheme Funds and will be deposited to the Scheme Trust Account to be held by the Newco B.
- (6) If the Scheme Administrators give a notice to the Scheme Creditors that they are satisfied that there will unlikely be any Realisation Proceeds and/or that further administration of Newco B will be undesirable, the Scheme Administrators may dispose of Newco B, put Newco B into liquidation, deregister Newco B or otherwise wind-up Newco B in such way and manner as the Scheme Administrators may in their sole and absolute discretion think fit.
- (7) The Scheme Administrators shall, in addition to the power entrusted to them, be entitled:
 - (a) to bring or defend any action or legal proceedings (whether court proceedings, arbitration or otherwise) in the name and on behalf of the Company in respect of the Transferred Claims;
 - (b) to engage professional legal advisers and other advisers in relation to any claims or action taken or to be taken out by the Transferred Claims;
 - (c) to make any compromise or arrangement with the Scheme Creditors or persons claiming to be creditors against the Company, or whereby the Company may be rendered liable;
 - (d) to sell any real or personal property and things in action of the Transferred Claims by public auction or private contract, with power or transfer the whole thereof to any person or company, or to sell the same in parcels;
 - (e) to do all such acts and execute, in the name and on behalf of the Company, all deeds, receipts and other documents in connection with all matters incidental to the Transferred Claims;
 - (f) to ascertain and conduct investigations into the affairs of the Company and the Excluded Companies;
 - (g) to demand and receive all debts due or receivables which may fall due to the Company and the Excluded Companies in respect of the Transferred Claims;

- (h) to enter into negotiations with any party for the purposes of selling the assets in the Transferred Claims;
 - (i) to exercise, in relation to the Transferred Claims, or any part thereof, all such powers, authorities and things as the Scheme Administrators would be capable of exercising if they were the absolute beneficial owner of the same, and to use the name of the Company and any of the Excluded Companies for all or any of such purposes; and
 - (j) to do all such other things as may be necessary for the administration and realisation of the Transferred Claims and distribution of the realisation (after deduction of costs) to the Scheme Creditors with Admitted Claims.
- (8) All costs and expenses in respect of, arising from, in connection with and incidental to the administration, liquidation, winding-up or deregistration of the Newcos, realisation or sale of its assets or otherwise shall be paid out of the Scheme Funds.

7. Payment and delivery of Dividends

- 7.1 All Dividends payable to the Scheme Creditors may be paid by cheque or other generally accepted banking method drawn or made in favour of the relevant Scheme Creditor and may be delivered or sent by post (or, at the Scheme Administrators' discretion, by ordinary airmail if posted to an address outside Hong Kong).
- 7.2 The posting or delivery of a cheque under Clause 7.1 will be posted at the risk of the Scheme Creditor and will represent a good discharge to the Scheme Administrators.
- 7.3 Neither the Company nor the Scheme Administrators will be liable to a Scheme Creditor for any loss in transmission of a cheque drawn and sent in accordance with Clause 7.1. If a cheque in favour of a Scheme Creditor which is despatched in accordance with Clause 7.1 is not encashed within six (6) months of the date of issue of the cheque, that Scheme Creditor's entitlement under the Schemes in the amount of such cheque will cease and determine and the amount thereof will become Scheme Funds.

8. Termination of the Schemes

- 8.1 The Schemes will cease to have effect if the Scheme Administrators, with the consent of the Scheme Creditors' Committees if established, give notice that they are satisfied that the continuation of the Schemes is no longer beneficial to the general body of Scheme Creditors and that accordingly the Schemes be terminated.
- 8.2 The Scheme Administrators will give notice of the date of termination of the Schemes to the Scheme Creditors as soon as practicable after such termination.

9. Liability and indemnity

- 9.1 None of the Liquidators or their firm or any of their representatives, partners, staff, agents or advisers (including legal advisers) will have or incur any liability for actions taken or omitted to be taken in good faith under or in connection with the negotiation and preparation of the Schemes or otherwise.
- 9.2 None of the Scheme Administrators or their firm or any of their representatives, partners, staff agents or advisers (including legal advisers) will incur any personal liability under the terms of the Schemes or otherwise.
- 9.3 None of the Scheme Creditors or the Company will be entitled to challenge the validity of any acts done or omitted to be done in good faith by the Scheme Administrators, the Adjudicator or by any member of the Scheme Creditors' Committee, if established, or their Nominated Representatives in accordance with and to implement the provisions of the Schemes or the exercise by any such Person in good faith of any power conferred upon it or him for the purposes of the Schemes and no such Person will be liable for any loss of any kind whatsoever unless such loss is attributable to its or his own willful default, fraud, dishonesty or willful breach of duty or trust.
- 9.4 The Scheme Creditors and the Company will, out of the Scheme Funds only, indemnify the Scheme Administrators against all expenses and against all costs, claims, proceedings, expenses, losses, damages and liabilities of any description which may be incurred or suffered by the Scheme Administrators in good faith in the performance of their role.

10. Modification of Schemes

- 10.1 Prior to the Closing Date, the Company, acting by the Liquidators, and the Vendor may jointly consent, for and on behalf of all concerned, to all modifications or additions to the Schemes or to any condition which the Courts may see fit to approve or impose. On or after the Effective Date the Scheme Administrators may, acting on the instructions of the Scheme Creditors' Committee, if established, or, in respect of any matter which affects the Company, acting on the joint instructions of the Scheme Creditors' Committee, if established, and the Company (acting reasonably), at any time if they consider it expedient to do so and it is in the mutual interests of the Scheme Creditors or, in respect of any matters which affect the Company, the Scheme Creditors and the Company, apply to the Cayman Court and/or the Hong Kong Court for the purpose of modifying the provisions of the Schemes or to obtain directions from the Cayman Court and/or the Hong Kong Court on how to deal with any matters or disputes arising in respect of the Schemes. If the Cayman Court and/or the Hong Kong Court approve a modification to the Schemes or give a direction in relation to any matters or disputes arising in respect of the Schemes it will be binding on the Company and the Scheme Creditors.

11. General

11.1 The rights of the Scheme Creditors under the Schemes will be assignable, subject to:

- (a) any assignment being subject to Clause 3.8; and
- (b) the Scheme Administrators receiving written notice of the assignment from the assignee and such other documentation as may reasonably be necessary in the opinion of the Scheme Administrators to satisfy them of the validity of the assignment.

11.2 (a) Save as otherwise provided in the Schemes, any notice or demand hereby required to be given will be sufficiently given by posting the same by ordinary post (or airmail if outside Hong Kong) or transmission by fax or by leaving the same at in the case of the Company, c/o David Yen Ching Wai at 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong (fax number: (852) 2827 0715);

- (i) in the case of the Company, c/o David Yen Ching Wai at 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong (fax number: (852) 2827 0715);

- (ii) in the case of the Scheme Administrators, c/o Ernst and Young Transactions Limited at 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong (Attn: Mr David Yen Ching Wai) (fax number: (852) 2827 0715);

- (iii) in the case of the Adjudicator, the offices of SHINEWING Specialist Advisory Services Limited, 43/F., Lee Garden One, 10 Hysan Avenue, Causeway Bay, Hong Kong (Attn: Mr. Terry LK Kan) (fax number (852) 3583 8581); and

- (iv) in the case of any Scheme Creditors, the Scheme Creditor's address or his fax number as set out in its proof of debt or Notice of Claim.

- (b) If such notice or demand is posted, it will be deemed to have been received by the addressee 48 hours (or 72 hours, if to be sent outside Hong Kong) after the same will have been posted and proof that an envelope containing such notice was properly addressed, prepaid and posted will be sufficient evidence that such notice or demand has been duly served or given. If such notice or demand is delivered by band, it will be deemed to have been received by the addressee when the same is left at the relevant address and proof that the same was so left will be sufficient evidence that such notice or demand has been duly served or given. If such notice or demand is transmitted by fax, it will be deemed to have been received at the time of transmission, save that if such transmission is effected otherwise than between 9:00 a.m. and 4:00 p.m. on a Business Day in the territory in which

the person to whom such transmission is effected is located, such transmission will be deemed to have been received at 9:00 a.m. on the next Business Day in such territory and proof that such notice or demand was successfully transmitted to the correct fax number (by way of transmission confirmation or otherwise) will be sufficient evidence that such notice or demand has been duly served or given.

11.3 If any provision in the Schemes is held to be illegal, invalid or unenforceable under Hong Kong law or Cayman Islands law then the offending provision will (insofar as it is illegal, invalid or unenforceable) be deemed to have no effect and will not affect or impair the remaining provisions of the Schemes.

11.4 The Cayman Scheme will be subject to the laws of the Cayman Islands and the Scheme Creditors will submit to the non-exclusive jurisdiction of the Cayman Court in respect thereof.

11.5 The Hong Kong Scheme will be subject to the laws of Hong Kong and the Scheme Creditors will submit to the non-exclusive jurisdiction of the Hong Kong Court in respect thereof.

12. Definitions

In this Scheme the following expressions will, unless the context otherwise requires, have the meanings respectively set opposite such expressions:

Adjudicator	Mr. Terry LK Kan of SHINEWING Specialist Advisory Services Limited, located at 43/F., Lee Garden One, 10 Hysan Avenue, Causeway Bay, Hong Kong or failing him, such other Person as the Scheme Administrators will nominate
Admitted Claims	all Claims of Scheme Creditors which have been admitted by the Scheme Administrators in accordance with the terms of the Schemes
Business Day	a day (other than a Saturday or Sunday) on which banks are open for business in Hong Kong and the Cayman Islands
Capital Reduction	the proposed reduction of the nominal value of the issued Shares from HK\$0.1 to HK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.09 on each of the issued Shares
Cash Consideration	HK\$80,000,000
Cayman Court	the Grand Court of the Cayman Islands

Cayman Scheme	the proposed scheme of arrangement pursuant to Section 86 of the Companies Law and made between the Company and the Scheme Creditors in its present form or with or subject to any non-material modifications, additions, or conditions that the Cayman Court may approve or impose
Claim	any debt, liability or obligation of the Company as at the Winding Up Order Date, whether known or unknown, certain or contingent, whether liquidated or and which will include without limitation any debt or liability to pay money or money's worth; any liability under any statute or enactment; any liability for breach of trust; any liability in contract, tort or bailment and any liability arising out of an obligation to make restitution, together with all interest on such debt, obligation or liability up to the Winding Up Order Date
Closing	completion of the transactions contemplated under the Resumption Proposal
Closing Date	the date on which all the transactions required or contemplated by and under the Resumption Proposal have occurred (being the date on which the last of such transactions takes place) or such other date as the Liquidators, the Company and the Vendor may agree in writing
Closing Notice	the written notice of the Closing Date to be given by the Liquidators to the Vendor in relation to the closing of all the transactions contemplated under the Resumption Proposal
Companies Law	the Companies Law (2018 Revision) of the Cayman Islands as amended from time to time
Companies Ordinance	Companies Ordinance, Chapter 622 of the Laws of Hong Kong
Company	China Agrotech Holdings Limited (In Liquidation), a company incorporated in the Cayman Islands with limited liability with registration number 92469

Courts	collectively, the Cayman Court and the Hong Kong Court
Cut-Off Date	the date to be determined by the Scheme Administrators which is twenty one (21) Business Days after the date of the advertisements referred to in Clause 3.1 of this Scheme
CWUMPO	Companies (Wind Up and Miscellaneous Provisions) Ordinance, Chapter 32, Laws of Hong Kong
Dividend(s)	the proportions, expressed as a percentage, of Admitted Claims, payable to the Scheme Creditors out of Scheme Funds under the Schemes
Document	this document containing the Explanatory Statement, the Scheme of Arrangement and the appendices
Effective Date	the date on which the Schemes become effective by the registration of an office copy of the order of the Cayman Court sanctions the Cayman Scheme with the Registrar of Companies in the Cayman Islands and the delivery of an office copy of an order of the Hong Kong Court sanctioning the Hong Kong Scheme to the Registrar of Companies in Hong Kong for registration
Excluded Companies	the following subsidiaries of the Company: <ol style="list-style-type: none">1. Topmart Limited 浩倫有限公司;2. Sky Link International Limited 上益國際有限公司;3. Loyal Faith International Industrial Limited 忠信國際實業有限公司;4. China Ecotech Limited 中國生態科學有限公司;5. Top Invest Limited;6. Present Sino Limited;7. Yut Yat Company Limited;

8. Shanxi Astrowood Bioengineering Development Co., Ltd 山西天行若木生物工程開發有限公司;
9. Fujian Agrotech Holdings Co., Ltd 福建浩倫農業科技集團有限公司;
10. Fuzhou Agrotech Crop Science Co., Ltd 福州浩倫作物科學有限公司;
11. Fujian Agrotech Oriental Import and Export Co., Ltd. 福建浩倫東方資源物產有限公司;
12. Jiangsu Haolun Agrotech Co., Ltd 江蘇浩倫農業科技有限公司;
13. Hunan Gaoning Camellia Oil Development Co. Ltd 湖南高甯山茶油開發有限公司;
14. Hunan Haolun Agrotech Co., Ltd 湖南浩倫農業科技有限公司;
15. Fujian Agrotech Bioengineering Co., Ltd 福建浩倫生物工程技術有限公司;
16. Fujian Chunri Forestry Development Co., Ltd 福建省春日農林發展有限公司;
17. Jinan Lurun Crop Science Co., Ltd 濟南綠潤作物科學有限公司;
18. Jiangxi Haolun Agrotech Co., Ltd 江西浩倫農業科技有限公司;
19. Jiangxi Yuanyang Chemical Fertilizer Co., Ltd 江西遠洋化肥有限公司;
20. Anhui Haolun Agrotech Co., Ltd 安徽浩倫農業科技有限公司;
21. Fujian Sanming Agrotech Landscaping and Plant Protection Co., Ltd. 福建省三明市浩倫園藝植保有限公司;
22. Fujian Nanping City Haolun Crop Science Co., Ltd 福建南平浩倫作物科學有限公司;

	23. Shandong Haolun Agrotech Co., Ltd 山東浩倫農業科技有限公司; and
	24. Shanxi Haolun Agrotech Co., Ltd 山西浩倫農業科技有限公司
Explanatory Statement	the explanatory statement set out in Part II of this document
First Distribution Calculation Date	the date, after the Cut-Off Date, which is three (3) Business Days before the date on which the Scheme Administrators intend to pay the first Dividend to Scheme Creditors
Group	the Company and its subsidiaries set out in the Schedule of this Scheme of Arrangement
Group Company	a company in the Group
HK\$ or Hong Kong Dollars	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Court	the High Court of Hong Kong
Hong Kong Scheme	the proposed scheme of arrangement pursuant to Section 670 of the Companies Ordinance and made between the Company and the Scheme Creditors in its present form or with or subject to any non-material modifications, additions, or conditions that the Hong Kong Court may approve or impose
Newco A	Grand Capital Limited, a company incorporated in Hong Kong with limited liability, being a special purpose vehicle held and controlled by the Liquidators as at the date of this document or such other company as may be nominated by the Scheme Administrators, and the holder of the Scheme Trust Account which holds the Cash Consideration

Newco B	Well Fund Limited, a company incorporated in Hong Kong with limited liability, being a special purpose vehicle held and controlled by the Liquidators as at the date of this document or such other company as may be nominated by the Scheme Administrators, and will be transferred to the Scheme Administrators for dealing with the Excluded Companies and the Transferred Claims
Newcos	collectively, the Newco A and Newco B
Nominated Representative	the employee of a corporate member of the Scheme Creditors' Committee, if established, nominated by notice in writing to the Scheme Administrators
Notice of Claim	a proof of debt previously submitted to and registered at the Official Receiver's Office, a Claim in writing made by any Person claiming to be a Scheme Creditor substantially in the form set out at Appendix 3 to this document or a Notice of Claim submitted to the Liquidators for the purposes of the Scheme Meeting, whichever is delivered later
Person	an individual, partnership, company, body corporate, joint stock company, trust, unincorporated association or body of persons (including a partnership or consortium), joint venture or other entity, or a government or any political subdivision or agency thereof
Petition	the winding up petition in HCCW 325 of 2014 presented by the Petitioning Creditor on 11 November 2014, which claimed that the Company is indebted to it in the amount of approximately RMB82,670,000
Petition Costs	the legal costs of the Petitioning Creditor in relation to the Petition and which are agreed to be agreed by the Scheme Administrators and if no agreement is reached, the legal costs to be subject to taxation accordingly
Petitioning Creditor	Concept Capital Management Limited

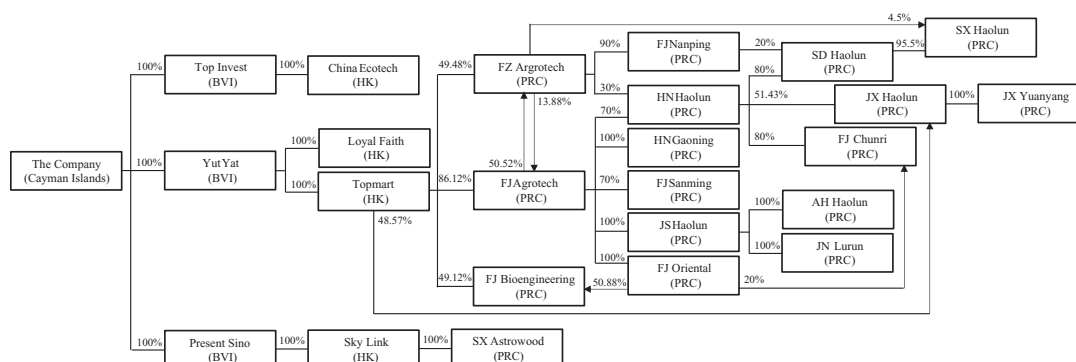
PRC	the People's Republic of China which, for the purpose of this document, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
Preferential Claim	any claim which would be treated as a preferential claim including the Petition Costs and have priority in a winding up in Hong Kong pursuant to Section 265 of the CWUMPO or would have priority in the Cayman Islands pursuant to Section 141 of the Companies Law and of which the Scheme Administrators have notice prior to the First Distribution Calculation Date
Preferential Claim Amount	the amount of a Preferential Claim
Public Offer	the issue and offer of the Offer Shares for subscription in Hong Kong on and subject to the terms and conditions to be set out in the Public Offer Prospectus and the application forms and, for the avoidance of doubt, including the Preferential Offering
Resumption Proposal	resumption proposal of the Company dated 24 August 2016 submitted to the Stock Exchange in relation to the restructuring of the Group, including the Schemes
Liquidators	Stephen Liu Yiu Keung and David Yen Ching Wai, the joint and several liquidators of the Company
Realisation Proceeds	the recovery of the Transferred Claims and proceeds of realisation of the assets, if any, sold of Newco B pursuant to Clause 2 of the Schemes
Scheme Administrators	Stephen Liu Yiu Keung and David Yen Ching Wai

Scheme Costs	all the expenses of the liquidation including costs, charges, expenses and disbursements necessarily and properly incurred by the Liquidators before and after the Effective Date, in connection with the conduct of the liquidation (including the investigations conducted and asset recovery, undertaken by the Liquidators and the negotiation, implementation and administration of the Schemes) together with the fees, costs including the fees and remuneration of the Scheme Administrators and the Adjudicator (to the extent approved by the Scheme Administrators' Committee if such committee is appointed)
Scheme Creditor	any Person (other than the Vendor, Persons with Preferential Claims to the extent of their Preferential Claim Amount, the Petitioner in respect of the Petition Costs, Secured Creditors to the extent of the Secured Claim Amount and any Person with a claim that is to be treated as and ranks as an expense of the liquidation) with the benefit of a Claim against the Company
Scheme Creditors' Committee	the committee of Scheme Creditors which may or may not be formed pursuant to each of the Schemes responsible for approving the Scheme Costs and for sanctioning the exercise of certain powers by the Scheme Administrators
Scheme Funds	all funds from time to time credited to the Scheme Trust Account, including any interest thereon
Scheme Meeting	the meeting of the Scheme Creditors to be convened: i) Pursuant to the order of the Cayman Court for the purpose of considering and, if thought fit, approving with or without modification the Cayman Scheme; and ii) Pursuant to the order of the Hong Kong Court for the purpose of considering and, if thought fit, approving with or without modification the Hong Kong Scheme

Scheme Trust Account	the interest bearing trust account to be opened in the names of the Scheme Administrators with a licensed bank in Hong Kong for the purposes of holding Scheme Funds for the benefit of the Scheme Creditors
Schemes	collectively the Cayman Scheme and the Hong Kong Scheme
Secured Claim Amount	an amount equal to the agreed value of, and upon realisation, the net proceeds of realisation of a Security Interest
Secured Scheme Creditor	a creditor of the Company with the benefit of a Security Interest in respect of its Claim
Security Interest	any mortgage, pledge, lien, charge, assignment, hypothecation or security interest, or any other agreement or arrangement having the effect of conferring security, held by or for a Scheme Creditor to secure the obligations of the Company, including for the avoidance of doubt, any proceeds of realisation of any of the above
Transferred Claim(s)	all claims (including receivables) which the Company and the Excluded Companies may have against any Person, including any claims against its present or former directors, officers, auditors and other advisers and transferred to Newco B
Vendor	Fine Era Limited, a company incorporated with limited liability under the laws of BVI whose registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
Unadmitted Claims	any Claim which has not been admitted or rejected by the Scheme Administrators and is subject to the Adjudicator's decision
Underwriting Agreement	the underwriting agreement to be entered into between the Company and Sun Hung Kai Investment Services Limited in relation to the Public Offer
Winding Up Order Date	9 February 2015 being the date the Company was ordered to be wound up by the Hong Kong Court
%	per cent.

SCHEDULE

GROUP STRUCTURE CHART



Abbreviations:

1. Present Sino Limited (“**Present Sino**”);
2. Top Invest Limited (“**Top Invest**”);
3. Yut Yat Company Limited (“**Yut Yat**”);
4. China Ecotech Limited 中國生態科學有限公司 (“**China Ecotech**”);
5. Loyal Faith International Industrial Limited 忠信國際實業有限公司 (“**Loyal Faith**”);
6. Sky Link International Limited 上益國際有限公司 (“**Sky Link**”);
7. Topmart Limited 浩倫有限公司 (“**Topmart**”);
8. Anhui Haolun Agrotech Co., Ltd[#] (安徽浩倫農業科技有限公司) (“**AH Haolun**”);
9. Fujian Agrotech Holdings Co., Ltd[#] (福建浩倫農業科技集團有限公司) (“**FJ Agrotech**”);
10. Fujian Agrotech Bioengineering Co., Ltd[#] (福建浩倫生物工程技術有限公司) (“**FJ Bioengineering**”);
11. Fujian Agrotech Oriental Import and Export Co., Ltd[#] (福建浩倫東方資源物產有限公司) (“**FJ Oriental**”);
12. Fujian Chunri Forestry Development Co., Ltd[#] (福建省春日農林發展有限公司) (“**FJ Chunri**”);
13. Fujian Nanping City Haolun Crop Science Co., Ltd[#] (福建南平浩倫作物科學有限公司) (“**FJ Nanping**”);
14. Fujian Sanming Agrotech Landscaping and Plant Protection Co., Ltd[#] (福建省三明市浩倫園藝植保有限公司) (“**FJ Sanming**”);
15. Fuzhou Agrotech Crop Science Co., Ltd[#] (福州浩倫作物科學有限公司) (“**FZ Agrotech**”);
16. Hunan Gaoning Camellia Oil Development Co. Ltd[#] (湖南高甯山茶油開發有限公司) (“**HN Gaoning**”);
17. Hunan Haolun Agrotech Co., Ltd[#] (湖南浩倫農業科技有限公司) (“**HN Haolun**”);
18. Jiangsu Haolun Agrotech Co., Ltd[#] (江蘇浩倫農業科技有限公司) (“**JS Haolun**”);
19. Jiangxi Haolun Agrotech Co., Ltd[#] (江西浩倫農業科技有限公司) (“**JX Haolun**”);
20. Jiangxi Yuanyang Chemical Fertilizer Co., Ltd[#] (江西遠洋化肥有限公司) (“**JX Yuanyang**”);
21. Jinan Lurun Crop Science Co., Ltd[#] (濟南綠潤作物科學有限公司) (“**JN Lurun**”);
22. Shandong Haolun Agrotech Co., Ltd[#] (山東浩倫農業科技有限公司) (“**SD Haolun**”);
23. Shanxi Astrowood Bioengineering Development Co., Ltd[#] (山西天行若木生物工程開發有限公司) (“**SX Astrowood**”); and
24. Shanxi Haolun Agrotech Co., Ltd[#] (山西浩倫農業科技有限公司) (“**SX Haolun**”)

[#] The English name is for identification purpose only

APPENDIX 1 – ORDERS OF EX PARTE SUMMONS/ORIGINATING SUMMONS

PART I: ORDER OF EX PARTE SUMMONS – CAYMAN SCHEME

**IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION**

CAUSE NO: FSD 68 OF 2019 (NSJ)

IN THE SECTIONS 15 AND 86 OF THE COMPANIES LAW (2018 REVISION)

AND IN THE MATTER OF THE GRAND COURT RULES 1995 ORDER 102

AND IN THE MATTER OF CHINA AGROTECH HOLDINGS LIMITED

IN CHAMBERS

30 APRIL 2019

BEFORE THE HONOURABLE MR. JUSTICE SEGAL

ORDER

UPON THE PETITION of China Agrotech Holdings Limited (the “**Petitioner**”) dated 16 April 2019

AND UPON READING the Summons of the Petitioner dated 16 April 2019

AND UPON READING the order of this Honourable Court dated 19 September 2017 in Cause No. FSD 157 of 2017 (NSJ)

AND UPON HEARING Leading Counsel for the Petitioner

AND UPON READING the said Petition, and the First, Second and Third Affidavits of Yen Ching Wai David dated 15 April 2019, 23 April 2019, and 29 April 2019 respectively, and the First and Second Affirmations of Chan So Fun dated 23 April 2019 and 30 April 2019 respectively

AND UPON the court indicating that any claims in the Petition relating to the proposed reduction in capital should be adjourned and that directions should not be given in relation to such claims at this hearing, and the Company therefore inviting the Court not to give directions relating to such claims until after a resolution has been passed at an Extraordinary General Meeting approving such a reduction and a further Summons has been issued seeking directions from this Honourable Court in relation to the capital reduction

APPENDIX 1 – ORDERS OF EX PARTE SUMMONS/ORIGINATING SUMMONS

IT IS ORDERED AND DIRECTED THAT:–

1. Any claims in the Petition concerning the reduction of capital be adjourned to a directions hearing to be listed at a date between 22 May 2019 and 4 June 2019.
2. The Petitioner be at liberty to convene a single meeting of the Scheme Creditors (as defined in the scheme document attached at Schedule B to this Order (the “**Scheme Document**”) for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme (the “**Scheme Meeting**”). The Scheme Meeting may take place at the same time and venue and be conducted in conjunction with the meeting of scheme creditors in respect of the scheme pursuant to section 670 of the Companies Ordinance (Cap. 622) (the “**Hong Kong Scheme**”).
3. The Scheme Document, notice of Scheme Meeting and form of proxy (substantially in the form appearing at pages 90 to 91 and pages 99 to 100 of the Scheme Document) be and is hereby approved for the purpose of convening the Scheme Meeting.
4. The method of convening the Scheme Meeting and the mode of delivery of the Scheme Document, notice of Scheme Meeting and forms of proxy to the Scheme Creditors shall be as follows:
 - a. At least 21 clear days before the day appointed for the Scheme Meeting, a copy of the finalised Draft Scheme Document containing the notice convening the Scheme Meeting and a form of proxy shall be served on the creditors in the following manner:–
 - i. in the case of the Creditors having a registered or last known address in Hong Kong or the Macau Special Administrative Region of the People’s Republic of China, by hand or by prepaid surface mail posted to such address;
 - ii. in the case of the Creditors having a registered or last known address elsewhere, by prepaid ordinary airmail posted to such address; and
 - iii. in the case of the Creditors whose email addresses have been provided to the Liquidators, by email to those email addresses.
 - b. Notice of the Scheme Meeting shall be circulated to Scheme Creditors by publishing notice of the Scheme on the Company’s website and the website of the Hong Kong Stock Exchange.
 - c. The Petitioner shall place an advertisement in the form of Annex A of this Order in the Cayman Compass in the Cayman Islands, and the Standard and Sing Tao Daily in Hong Kong, not less than 14 days before the Scheme Meeting.
5. The Scheme Meeting shall be held at 4/F, Pico Tower, 66 Gloucester Road, Wan Chai, Hong Kong.

APPENDIX 1 – ORDERS OF EX PARTE SUMMONS/ORIGINATING SUMMONS

6. The Chairman of the Scheme Meeting shall be either Mr. Yen Ching Wai David or Mr. Liu Yiu Keung Stephen.
7. The Chairman of the Scheme Meeting conducted pursuant to this Order shall report the results thereof to this Honourable Court within 7 days of such Scheme Meeting by way of affidavit verifying:
 - a. That the Scheme Document, notice of such Scheme Meeting and proxy form were duly sent in accordance with this Order;
 - b. That such Scheme Meeting was duly held in accordance with this Order; and
 - c. The full particulars of the voting at such Scheme Meeting.
8. Scheme Creditors (as defined in the Scheme Document) shall be entitled to attend and vote, in person or by proxy, at the Scheme Meeting.
9. The form of proxy (as approved by this Honourable Court) shall be lodged at the offices of Messrs. Yen Ching Wai David and Mr. Liu Yiu Keung Stephen of Ernst & Young Transactions Limited, of 22/F CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong, not less than two (2) days prior to the time appointed for holding the Scheme Meeting.
10. The Chairman shall be entitled to accept the warranty on the said form of proxy as to the authority of the signatory to cast votes without further investigation.
11. The Chairman shall be at liberty to accept a form of proxy in his absolute discretion including the figure for which any Scheme Creditor seeks to vote, notwithstanding that the form of proxy has not been completed in accordance with the instructions contained therein, provided that the Chairman considers that the information contained therein is sufficient to establish the right of the Scheme Creditor to vote.
12. The Creditors may vote at the Scheme Meeting for the establishment of a Scheme Creditors' Committee and the constitution thereof.
13. The preparation of a list of creditors be dispensed with.
14. An enquiry as to the debt of and claims against the Company or as to any class or classes of such debts or claims be dispensed with.
15. The directions in paragraphs 2 to 12 above shall be carried out (insofar as it is reasonably practicable to do so) in accordance with the timetable set out in Schedule A of this Order.

APPENDIX 1 – ORDERS OF EX PARTE SUMMONS/ORIGINATING SUMMONS

16. The Petition be set down to be heard on 8 July 2019 (Cayman Islands time).
17. No order as to costs.
18. The Petitioner be at liberty to apply generally.

DATED this 30th day of April 2019

FILED this 12th day of June 2019

**The Honourable Mr Justice Segal
Judge of the Grand Court**

ANNEX A

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

CAUSE NO: FSD 68 OF 2019 (NSJ)

IN THE MATTER OF SECTIONS 15 AND 86 OF THE COMPANIES LAW (2018
REVISION)

AND IN THE MATTER OF THE GRAND COURT RULES 1995 ORDER 102

AND IN THE MATTER OF CHINA AGROTECH HOLDINGS LIMITED

TAKE NOTICE that on 16 April 2019, a Petition was presented to the Grand Court of the Cayman Islands (the “**Cayman Court**”) for sanction pursuant to section 86 of the Companies Law (2018 Revision), as amended, (the “**Companies Law**”) of a proposed Scheme of Arrangement (the “**Scheme**”) between China Agrotech Holdings Limited (In Liquidation) (the “**Company**”) and the Scheme Creditors (as defined in the Scheme Document).

NOTICE IS HEREBY GIVEN that, by an order dated 30 April 2019, the Cayman Court has directed that a single Scheme Meeting of the Scheme Creditors (each as defined in the Scheme Document) be convened for the purpose of considering and, if thought fit, approving (with or without modification) the Cayman Scheme pursuant to section 86 of the Companies Law proposed to be made between the Company and all creditors to whom unsecured debts are owed by the above-mentioned Company (not including creditors whose claims would be preferential in a winding up to the extent of their preferential claims and secured scheme creditors to the extent of the agreed value of the net proceeds of the realisation of their securities interests) (the “**Scheme Creditors**”).

The Scheme Meeting will be held at 4/F, Pico Tower, 66 Gloucester Road, Wan Chai, Hong Kong on 5 July 2019 at 10:00 a.m. at which place the Scheme Creditors are requested to attend.

A Scheme Creditor may vote in person at the Scheme Meeting or he may appoint another person, whether a Scheme Creditor or not, as his proxy to attend and vote in his stead. A corporate Scheme Creditor may also appoint a representative to attend and vote at the Scheme Meeting. The Form of Proxy must be lodged with Messrs. Yen Ching Wai David and Liu Yiu Keung Stephen at Ernst and Young Transactions Limited, 22/F CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong by not later than 10 a.m. on 3 July 2019 (Hong Kong time), being two business days prior to the date of the Scheme Meeting.

APPENDIX 1 – ORDERS OF EX PARTE SUMMONS/ORIGINATING SUMMONS

The proposed Cayman Scheme and the Explanatory Statement required to be provided to Scheme Creditors have been circulated to known Scheme Creditors and published on the Company website. Copies of these documents may be obtained by written request to Messrs. Yen Ching Wai David or Liu Yiu Keung Stephen; alternatively, these documents can be downloaded from the Company's website at:

<http://www.irasia.com/listco/hk/chinaagrotech/circulars/index.htm>

By the order referred to above, the Cayman Court has appointed Mr. Yen Ching Wai David or failing him Mr. Liu Yiu Keung Stephen (or such other person as may be nominated by or on behalf of the Company) to act as chairman at the Scheme Meeting and has directed the chairman to report the result of the Scheme Meeting to the Cayman Court.

AND NOTICE IS FURTHER GIVEN that the Petition is directed to be heard before a Judge in the Cayman Court on 8 July 2019.

NOTICE IS HEREBY GIVEN that if any creditor of the Company desires to obtain copies of the Petition, these may be obtained free of charge from the Company's representatives by making an email request to the following address: anita.so@hk.ey.com

If you are a creditor of the Company, for further information in this regard, please contact:

Ernst and Young Transactions Limited
22/F CITIC Tower
1 Tim Mei Avenue
Central,
Hong Kong
Attention: Mr. David Yen Ching Wai
Telephone: (852) 2629 3261
Email: david.yen@hk.ey.com
Facsimile: (852) 2827 0715

APPENDIX 1 – ORDERS OF EX PARTE SUMMONS/ORIGINATING SUMMONS

SCHEDULE A

Scheme Timetable

(Capitalised terms have the same meanings as in the Scheme Document)

	Event	Date
1.	Filed petition with the Grand Court of the Cayman Islands	Occurred on 16 April 2019
2.	Announcement of Directions Hearing	23 April 2019
3.	Despatched circular to Company's shareholders with information on Capital Reduction	27 April 2019
4.	First Court Hearing before the Grand Court of the Cayman Islands	Tuesday, 30 April 2019
5.	Latest time for lodging forms of proxy in respect of EGM held in Hong Kong	10:00 a.m. on Monday, 20 May 2019
6.	EGM held in Hong Kong	10:00 a.m. on Wednesday, 22 May 2019
7.	Announcement of the results of the EGM published on the website of the Stock Exchange and the website of the Company	Wednesday, 29 May 2019
8.	Despatch of Scheme Document to Scheme Creditors	Thursday, 13 June 2019
9.	Despatch Public Offer Prospectus	Wednesday, 28 June 2019
10.	Latest time for lodging forms of proxy in respect of Scheme Meeting to be held in Hong Kong	10:00 a.m. on Wednesday, 3 July 2019
11.	Scheme Meeting Record Date	Friday, 5 July 2019
12.	Scheme meeting to be held in Hong Kong	10:00 a.m. on Friday, 5 July 2019
13.	Announcement of the results of the Scheme Meeting, published on the website of the Stock Exchange and the website of the Company	Friday, 5 July 2019
14.	Court hearing to sanction the Cayman Scheme	10:00 a.m. on 8 July 2019
15.	Court hearing to sanction the Hong Kong Scheme	10:00 a.m. on 9 July 2019
16.	Announcement of (1) the results of the Court Hearing to sanction the Scheme and (2) the expected Effective Date.	9 July 2019
17.	Exchange new share certificates	Monday, 8 July 2019
18.	Effective Date of Scheme	On or before 15 July 2019
19.	Despatch share certificates for Public Offer and Preferential Offering	Thursday, 25 July 2019
20.	Completion of the Schemes	To be determined by the Scheme Administrators

SCHEDULE B

SCHEME DOCUMENT

APPENDIX 1 – ORDERS OF EX PARTE SUMMONS/ORIGINATING SUMMONS

PART II: ORDER OF ORIGINATING SUMMONS – HONG KONG SCHEME

HCMP 2196/2018

IN THE HIGH COURT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION
COURT OF FIRST INSTANCE
MISCELLANEOUS PROCEEDINGS NO. 2196 OF 2018

IN THE MATTER of CHINA AGROTECH
HOLDINGS LIMITED (In Liquidation)

And

IN THE MATTER of section 670 of the
Companies Ordinance (Cap. 622) and Order 102
rule 2 of the Rules of The High Court (Cap. 4A)

BEFORE THE HONOURABLE MR. JUSTICE HARRIS IN CHAMBERS

ORDER

UPON THE APPLICATION by way of Originating Summons dated 13 December 2018 of the above-named China Agrotech Holdings Limited (In Liquidation) (the “**Company**”) whose registered office is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and whose principle place of business in Hong Kong is situated at 22/F CITIC Tower, 1 Tim Mei Avenue Central, Hong Kong

AND UPON READING the First Affidavit of Yen Ching Wai David filed on 13 December 2018 and the exhibits referred to therein

AND UPON HEARING Counsel for the Company, of which Mr. Liu Yiu Keung Stephen and Mr. Yen Ching Wai David, both of Ernst & Young Transactions Limited of 22/F CITIC Tower, 1 Tim Mei Avenue Central, Hong Kong are appointed by the Court as the joint and several liquidators (the “**Liquidators**”)

AND UPON the basis that all capitalised terms not otherwise defined in this Order shall have the meaning given to them in the explanatory statement for the scheme of arrangement exhibited First Affidavit of Yen Ching Wai David filed on 13 December 2018 (the “**Explanatory Statement**”)

APPENDIX 1 – ORDERS OF EX PARTE SUMMONS/ORIGINATING SUMMONS

IT IS ORDERED THAT:–

1. The Company be at liberty to convene a single meeting (the “**Scheme Meeting**”) of the Scheme Creditors of the Company (as defined in the Scheme hereinafter mentioned) to be held in Hong Kong for the purpose of considering and, if thought fit, approving (with or without modification) a Scheme of Arrangement under Section 673 of the Companies Ordinance (Cap. 622) proposed to be made between the Company and such Scheme Creditors (the “**Scheme**”).
2. The Scheme Meeting shall be held simultaneously with the meeting ordered to be convened by the Grand Court of the Cayman Islands under Cause No FSD 68 of 2019 (NSJ), in the matter of Sections 15 and 86 of the Companies Law (2018 Revision).
3. The Scheme Meeting shall be held at 4/F, Pico Tower, 66 Gloucester Road, Wan Chai, Hong Kong on 5 July 2019 at 10:00 am Hong Kong time (4 July 2019 at 9 pm Cayman Islands time), with any adjournment as may be appropriate;
4. At least twenty-one (21) clear days before the day appointed for the Scheme Meeting, a notice (substantially in the form of Appendix 2 to the Scheme Document) (the “**Notice of Scheme Meeting**”) convening the same and stating that a copy of the printed composite document containing the Scheme (the “**Scheme Document**”) and the Explanatory Statement, together with a form of proxy (substantially in the form of Appendix 4 to the Scheme Document) (the “**Form of Proxy**”), can be obtained by any person entitled to attend the Scheme Meeting during usual business hours on any day (other than a Saturday, a Sunday or a statutory holiday) prior to the day appointed for the Scheme Meeting from the Liquidators at 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong BE PLACED AND INSERTED once in one English language newspaper circulated in the Cayman Islands, namely “The Cayman Compass”, once in one English language newspaper circulated in Hong Kong, namely “The Standard”, once in one Chinese language newspaper circulated in Hong Kong, namely “Sing Tao Daily”.
5. At least twenty-one (21) clear days before the day appointed for such Scheme Meeting, a copy of the (i) Notice of Scheme Meeting, (ii) the Scheme Document, (iii) the Explanatory Statement, and (iv) the Form of Proxy BE SERVED on each of the Scheme Creditors of which the Liquidators are aware as follows:
 - (a) in the case of the Scheme Creditors having a registered or last known address in Hong Kong or the Macau Special Administrative Region of the PRC, by hand or by prepaid surface mail posted to such address; and
 - (b) in the case of the Scheme Creditors having a registered or last known address elsewhere, by prepaid ordinary airmail posted to such address.

APPENDIX 1 – ORDERS OF EX PARTE SUMMONS/ORIGINATING SUMMONS

6. The accidental omission to serve any Scheme Creditor with a copy of the Notice, or the non-receipt by any Scheme Creditor of a copy of the Notice of Scheme Meeting or any of the documents referred to in paragraph 3 above, shall not invalidate the proceedings at the Scheme Meeting or any resolutions passed thereat.
7. Mr. Yen Ching Wai David or, failing him, Mr. Liu Yiu Keung Stephen, both being the Liquidators, shall act as the chairperson of the Scheme Meeting (the “**Chairperson**”).
8. The Chairperson of the Scheme Meeting shall report the result of the Scheme Meeting to the Court.
9. The substantive hearing of the Petition at which the Court will determine whether or not to sanction the Scheme shall be heard at 10:00 am on Tuesday, 9 July 2019 before the Honourable Mr Justice Harris.
10. Costs of this application be paid out of the assets of the Company.
11. There shall be liberty to apply generally.

Dated 11 June 2019

Registrar

HCMP 2196/2018

IN THE HIGH COURT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION
COURT OF FIRST INSTANCE
MISCELLANEOUS PROCEEDINGS NO. 2196 OF 2018

IN THE MATTER of CHINA
AGROTECH HOLDINGS LIMITED
(In Liquidation)

And

IN THE MATTER of section 670 of
the Companies Ordinance (Cap. 622) and
Order 102 rule 2 of the Rules of The High
Court (Cap. 4A)

ORDER

Dated 11 June 2019

MICHAEL LI & CO.
Solicitors for the Company
19/F., Prosperity Tower,
No. 39 Queen's Road Central,
Central, Hong Kong
Tel: 2110 2990
Fax: 2110 9180/2110 9969
Ref: 169782/HW/MC/SUM/CTC

APPENDIX 2 – NOTICES OF SCHEME MEETING

PART I: NOTICE OF SCHEME MEETING – CAYMAN SCHEME

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FSD NO. 68 OF 2019

IN THE MATTER OF

CHINA AGROTECH HOLDINGS LIMITED

and

SECTION 86 OF THE COMPANIES LAW (CAYMAN ISLANDS)

NOTICE OF SCHEME MEETING

TAKE NOTICE that, by an Order dated 30 April 2019 (Cayman Islands time) (the “**Cayman Order**”) made in the above matter, the Grand Court of the Cayman Islands (the “**Court**”) has directed that a single meeting (the “**Cayman Scheme Meeting**”) be convened of all creditors to whom unsecured debts are owed by the above-mentioned company (the “**Company**”) (not including creditors whose claims would be preferential in a winding up to the extent of their preferential claims and secured scheme creditors to the extent of the agreed value of the net proceeds of the realisation of their securities interests) (the “**Scheme Creditors**”) for the purpose of considering and, if though fit, approving (with or without modification) the scheme of arrangement (the “**Cayman Scheme**”) proposed to be made between the Company and the Scheme Creditors and for the purpose of consideration and, if thought fit, approving (with or without modification) the appointment of a scheme creditors’ committee (the “**Scheme Creditors’ Committee**”). The Cayman Scheme Meeting will be held at 4/F, Pico Tower, 66 Gloucester Road, Wan Chai, Hong Kong on 5 July 2019 at 10:00 a.m. at which place and time all Scheme Creditors are requested to attend.

A copy of the Cayman Scheme and a copy of the explanatory statement (the “**Explanatory Statement**”, collectively the “**Scheme Document**”) are available from the office of Mr. Stephen Liu Yiu Keung and Mr. David Yen Ching Wai, the joint and several liquidators appointed by the Hong Kong Court (the “**Liquidators**”) of the Company acting as representatives of the Company pursuant to the order of the Cayman Court dated 19 September 2017 in Case No.: FSD 157 of 2017 (NSJ) without personal liability, of 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong. The Scheme Document is available free of charge to any person entitled to attend the Cayman Scheme Meeting between the hours of 10:00 a.m. and 4:00 p.m. on weekdays (excluding public holidays) prior to the day appointed for the Cayman Scheme Meeting upon reasonable prior notice given to the Liquidators.

APPENDIX 2 – NOTICES OF SCHEME MEETING

A Scheme Creditor may vote in person at the Cayman Scheme Meeting or he may appoint another person, whether a Scheme Creditor or not, as his proxy to attend and vote in his stead. A corporate Scheme Creditor may also appoint a representative to attend and vote at the Cayman Scheme Meeting. A Form of Proxy for use at the Cayman Scheme Meeting is enclosed herewith. The Form of Proxy must be lodged with the Liquidators by not later than 10:00 a.m. on 3 July 2019, being two (2) business days prior to the date of the Cayman Scheme Meeting.

Any Scheme Creditor that wishes to attend the Cayman Scheme Meeting should produce at the Cayman Scheme Meeting evidence of personal identity (for example, a passport, identity card or other picture identification) and, in the case of a corporation, evidence of corporate authority (for example, a valid power of attorney and/or board minutes).

Each proxy must bring to the Cayman Scheme Meeting a copy of the Form of Proxy authorising him or her to act as proxy on behalf of the Scheme Creditor and evidence of his personal identify (for example, a passport, identity card or other picture identification).

If the appropriate personal identification and authorisation evidence is not produced, that person may not be permitted to attend or vote.

By the Cayman Order, the Cayman Court has appointed Mr. David Yen Ching Wai or, failing him, Mr. Stephen Liu Yiu Keung both being the Liquidators to act as chairman of the Cayman Scheme Meeting and has directed the chairman to report the result of the Cayman Scheme Meeting to the Court.

The Cayman Scheme will be subject to the subsequent approval of the Cayman Court and to the fulfilment or waiver (as applicable) of the conditions of the Cayman Scheme set out at paragraph 3(a)-(c) of the Explanatory Statement.

If a Scheme Creditor previously submitted a proof of debt to and registered at the Official Receiver's Office or if a Scheme Creditor previously filed a Notice of Claim with the Liquidators for the purposes of the Scheme Meeting, the proof of debt or Notice of Claim is deemed to have been delivered to the Liquidators under the terms of the Scheme and a Scheme Creditor is not required to file a further Notice of Claim. If a Scheme Creditor files a new Notice of Claim, any further Notice of Claim delivered by that Scheme Creditor to the Liquidators will supersede any Notice of Claim previously delivered by that Scheme Creditor.

A Scheme Creditor, who wishes to file further Notice of Claim, must submit details of any claim together with the relevant supporting documents they have against the Company as at 9 February 2015, in writing, to the Liquidators' office before 10:00 a.m. on 21 June 2019. Forms of Notice of Claim for this purpose are available from the Liquidators at the above address.

Dated this 13 June 2019

Stephen Liu Yiu Keung
David Yen Ching Wai

Joint and Several Liquidators appointed by the High Court of Hong Kong
for and on behalf of

China Agrotech Holdings Limited (In Liquidation)
acting as agent without personal liability

APPENDIX 2 – NOTICES OF SCHEME MEETING

PART II: NOTICE OF SCHEME MEETING – HONG KONG SCHEME

IN THE HIGH COURT OF
THE HONG KONG SPECIAL ADMINISTRATIVE REGION COURT OF
FIRST INSTANCE

MISCELLANEOUS PROCEEDINGS NO. 2196 OF 2018

IN THE MATTER OF

CHINA AGROTECH HOLDINGS LIMITED
(IN LIQUIDATION)

and

SECTION 670 OF THE COMPANIES ORDINANCE (HONG KONG)

NOTICE OF SCHEME MEETING

NOTICE IS HEREBY GIVEN that, by an Order dated 11 June 2019 (Hong Kong time) (the “**Hong Kong Order**”) made in the above matter, the High Court of Hong Kong (the “**Court**”) has directed that a single meeting (the “**Hong Kong Scheme Meeting**”) to be convened of all creditors to whom unsecured debts are owned by the above-mentioned company (the “**Company**”) (creditors whose claims would be preferential in a winding up to the extent of their preferential claims and secured scheme creditors to the extent of the agreed value of the net proceeds of the realisation of their securities interests) (the “**Scheme Creditors**”) for the purpose of considering and, if thought fit, approving (with or without modification) the scheme of arrangement (the “**Hong Kong Scheme**”) proposed to be made between the Company and the Scheme Creditors and for the purpose of consideration and, if thought fit, approving (with or without modification) the appointment of a scheme creditors committee (the “**Scheme Creditors’ Committee**”). The Hong Kong Scheme Meeting will be held at 4/F, Pico Tower, 66 Gloucester Road, Wan Chai, Hong Kong on 5 July 2019 at 10:00 a.m. at which place and time all Scheme Creditors are requested to attend.

A copy of the Hong Kong Scheme and a copy of the explanatory statement (the “**Explanatory Statement**”, collectively the “**Scheme Document**”) are available from the office of Mr. Stephen Liu Yiu Keung and Mr. David Yen Ching Wai, the joint and several liquidators appointed by the High Court of Hong Kong (the “**Liquidators**”) of the Company acting without personal liability, of 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong. The Scheme Document is available free of charge to any person entitled to attend the Hong Kong Scheme Meeting between the hours of 10:00 a.m. and 4:00 p.m. on weekdays (excluding public holidays) prior to the day appointed for the Hong Kong Scheme Meeting upon reasonable prior notice given to the Liquidators.

A Scheme Creditor may vote in person at the Hong Kong Scheme Meeting or he may appoint another person, whether a Scheme Creditor or not, as his proxy to attend and vote in his stead. A corporate Scheme Creditor may also appoint a representative to attend and vote

APPENDIX 2 – NOTICES OF SCHEME MEETING

at the Hong Kong Scheme Meeting. A Form of Proxy for use at the Hong Kong Scheme Meeting is enclosed herewith. The Form of Proxy must be lodged with the Liquidators at 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong by no later than 10:00 a.m. on 3 July 2019, being two (2) Business Days prior to the date of the Hong Kong Scheme Meeting.

Any Scheme Creditor that wishes to attend the Hong Kong Scheme Meeting should produce at the Hong Kong Scheme Meeting evidence of personal identity (for example, a passport, identity card or other picture identification) and, in the case of a corporation, evidence of corporate authority (for example, a valid power of attorney and/or board minutes).

Each proxy must bring to the Hong Kong Scheme Meeting a copy of the Form of Proxy authorising him or her to act as proxy on behalf of the Scheme Creditor and evidence of his personal identify (for example, a passport, identity card or other picture identification).

If the appropriate personal identification and authorisation evidence is not produced, that person may not be permitted to attend or vote.

By the Order, the Hong Kong Court has appointed Mr. David Yen Ching Wai or, failing him, Mr. Stephen Liu Yiu Keung, both being the Liquidators, to act as chairman of the Hong Kong Scheme Meeting and has directed the chairman to report the result of the Hong Kong Scheme Meeting to the Court.

The Hong Kong Scheme will be subject to the subsequent approval of the Court and to the fulfilment or waiver (as applicable) of the conditions of the Hong Kong Scheme set out in the Explanatory Statement.

If a Scheme Creditor previously submitted proof of debts to and registered at the Official Receiver's Office or if a Scheme Creditor previously filed the Notice of Claim with the Liquidators for the purposes of the Scheme Meeting, that Scheme Creditor is deemed to have been delivered to the Liquidators under the terms of the Scheme and is not required to file further Notice of Claim. If a Scheme Creditor files new Notice of Claim, any further Notice of Claim delivered by that Scheme Creditor to the Liquidators will supersede any Notice of Claim previously delivered by that Scheme Creditor.

APPENDIX 2 – NOTICES OF SCHEME MEETING

A Scheme Creditor, who wishes to file further Notice of Claim, must submit details of any claim together with the relevant supporting documents they have against the Company as at 9 February 2015, in writing, to the Liquidators' office before 10:00 a.m. on 21 June 2019. Forms of Notice of Claim for this purpose are available from the Liquidators at the above address.

Dated this 13 June 2019

Stephen Liu Yiu Keung

David Yen Ching Wai

Joint and Several Liquidators appointed by the High Court of Hong Kong
for and on behalf of

China Agrotech Holdings Limited (In Liquidation)

acting as agent without personal liability

APPENDIX 3 – FORM OF NOTICE OF CLAIM

IN THE MATTER OF

**CHINA AGROTECH HOLDINGS LIMITED
(IN LIQUIDATION)**

(incorporated in the Cayman Islands with limited liability)

And

**IN THE MATTER OF SECTION 86 OF THE COMPANIES LAW
(CAYMAN ISLANDS)**

And

**IN THE MATTER OF SECTION 670 OF THE COMPANIES ORDINANCE
(HONG KONG)**

NOTICE OF CLAIM

(Note 1)

TO: Stephen Liu Yiu Keung and David Yen Ching Wai (the Liquidators) of 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong (Attn: Mr. David Yen Ching Wai) (Fax: +852 2827 0715)

1. Full name of Creditor:

2. Address of registered office of Creditor:

Contact Person: _____

Tel No.: _____ Fax No: _____

E-mail: _____

3. Total amount of claim as at 9 February 2015 (the date of winding-up order) (*Notes (2), (3) and (6)*):

4. If the total amount above includes capitalized or outstanding uncapitalised interest, please state (*Notes (2), (4) and (6)*):

Total amount of interest claimed as at 9 February 2015 _____

APPENDIX 3 – FORM OF NOTICE OF CLAIM

Whether it is capitalized or uncapitalised: _____

Ground for claim of interest: _____

Basis of calculation: _____

5. Details of any document or facts by reference to which the claim (including interest, if any) can be substantiated and provide copies of relevant documents if not previously provided to the Liquidators (*Notes (5) and (6)*):

6. Particulars of any security held, the value of the security and the date on which it was given (*Notes (3),(5) and (6)*):

7. Value of security

Please tick one box:

- We have already agreed the value for our Secured Interest with the Liquidators/
Scheme Administrators to be:
HK\$ _____
This amount will be deducted from our Claim.
- We will release our Secured Interest so that our entire Admitted Claim can be
treated as unsecured.
- We do not wish to release our Secured Interest. Our Claim (net of the realisations
from our Secured Interest) will be treated as an Unsecured Claim and we shall
notify the Scheme Administrators of the amount of those realisations when we
have realised our Secured Interest.

Signature of Creditor or person : _____
authorised to act on its behalf

Name of Creditor in BLOCK LETTERS : _____

Relationship or position of person : _____
authorised to act on behalf of Creditor

Date : _____

Notes:

- (1) The words and expressions used in this Notice of Claim shall, except where the context otherwise requires, have the same meanings as ascribed thereto in the Explanatory Statement dated 13 June 2019.

APPENDIX 3 – FORM OF NOTICE OF CLAIM

- (2) Please complete the attached Summary of Claim form.
- (3) Please specify the original currency of the debt if not in Hong Kong dollars. In the case of a Scheme Creditor holding any security or who has received any satisfaction from the Company, such amount should be the amount of the shortfall, if any, after applying the proceeds of the realisation of the security or the amount of such satisfaction or after deducting the estimated value of the security.
- (4) Please specify the original currency if not in Hong Kong dollars. Please also state the ground on which interest is claimed (i.e. contract or judgment) and the basis of calculation.
- (5) The Liquidators/Scheme Administrators on behalf of the Company may call for any further document or evidence to substantiate the claim at its discretion.
- (6)
 - (a) Where the space provided for a particular purpose in this Notice of Claim is insufficient to contain all the required information in relation to a particular item, that information may be set out in annexure.
 - (b) An annexure to this Notice of Claim shall have an identifying mark and be endorsed with the words:-

“This is the annexure of [●] pages marked [●] referred to in the Notice of Claim signed by me/us and dated [●] in respect of the Schemes between China Agrotech Holdings Limited (Liquidators Appointed in Hong Kong) (Subject to the Schemes) and its Scheme Creditors.”
 - (c) The pages in an annexure shall be numbered consecutively.
 - (d) Where a document, copy of a document or other evidence is annexed to this Notice of Claim, reference made herein to the annexure shall be by its identifying mark, the number of pages in it and a brief description of the nature of the document and its contents.
 - (e) Any reference to an annexure herein includes a document, copy of a document or other matter accompanying attached to or annexed to this Notice of Claim.

You must lodge this Notice of Claim with the Liquidators/Scheme Administrators at 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong by no later than 10:00 a.m. Hong Kong time on 21 June 2019.

APPENDIX 3 – FORM OF NOTICE OF CLAIM

SUMMARY OF CLAIM

**China Agrotech Holdings Limited
(In Liquidation)**

Borrower:

Guarantor(s), if any:

Facility/ Loan No.	Facility Type	Currency	Principal Amount	Effective Interest Rate	Interest Period (dd/mm/yy)		Interest Days	Total Interest	Total Claim (P+I)	Basis for Claim (Note A)
					From	To				

Note A: Please provide the relevant support documents (e.g. loan agreement, facility letter, security documents, guarantee) to substantiate your claims.

Please also state the relevant clause(s) and provision(s) which support your claims and interest calculation.

APPENDIX 4 – FORM OF PROXY

IN THE MATTER OF

CHINA AGROTECH HOLDINGS LIMITED
(IN LIQUIDATION)

(incorporated in the Cayman Islands with limited liability)

AND

Section 86 of the Companies Law (2018 Revision) of the Cayman Islands

AND

Section 670 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

Form of proxy for use at the meeting (or at any adjournment thereof) (the “**Scheme Meeting**”) of creditors to whom unsecured debts are owed by the above mentioned company (the “**Company**”) (not including creditors whose claims would be preferential in a winding up to the extent of their preferential claims and secured scheme creditors to the extent of the agreed value of the net proceeds of the realisation of their securities interests) (the “**Scheme Creditors**”) convened pursuant to the orders of the Grand Court of the Cayman Islands (the “**Cayman Court**”) under Section 86 of the Companies Law and the High Court of Hong Kong Special Administrative Region (the “**Hong Kong Court**”) under Section 670 of the Companies Ordinance.

FORM OF PROXY

I/We (*Note 1*), _____ of

being a creditor of the Company HEREBY APPOINT (*Note 2*) _____

_____ of _____
as my/our proxy to act for me/us at the Scheme Meeting convened pursuant to the orders of the Cayman Court and the Hong Kong Court to be held at 4/F, Pico Tower, 66 Gloucester Road, Wan Chai, Hong Kong on 5 July 2019 at 10:00 a.m. for the purpose of considering and, if thought fit, approving, with or without modification, the proposed schemes of arrangement (the “**Schemes**”) referred to in the notices convening the Scheme Meeting and at such Scheme Meeting, or at any adjournment thereof, to vote for me/us and in my/our name(s) as hereunder indicated for the Schemes either with or without modification (as may be approved/our proxy may approve) or against the Schemes and if no such indication is given, as my/our proxy thinks fit.

I/We confirm that the total amount of the debt claimed by me/us against the Company as at the date of the Scheme Meeting will be (*Note 3*) HK\$ _____.

* I/We confirm that as at the date hereof, I am the beneficial owner of _____ share(s) of the Company.

* *Note: only fill in when the creditor(s) is/are a direct or indirect shareholder(s) of the Company*

APPENDIX 4 – FORM OF PROXY

FOR the Cayman Scheme of Arrangement and the Hong Kong Scheme of Arrangement (<i>Note 4</i>)	()	AGAINST the Cayman Scheme of Arrangement and the Hong Kong Scheme of Arrangement (<i>Note 4</i>)	()
--	------------	--	------------

Signature _____
 (*Note 5*)

Dated _____

For and on behalf of _____

Notes:

- (1) Full name and address to be inserted in BLOCK CAPITALS.
- (2) Insert the name and address of the proxy desired in the space provided. **Any alterations made to this Form of Proxy must be initialled by the person who signs it.** The proxy need not be a creditor of the Company but must attend the Scheme Meeting in person to represent you. You should not grant a proxy in favour of any person who is in a position, whether directly or indirectly, to receive any remuneration out of the assets of the Company i.e. the chairman, the Liquidators (as defined in the Schemes) and their advisers or the Adjudicator (as defined in the Schemes).
- (3) Insert the total amount of the Company’s indebtedness to you and the interest thereon (if any) as appropriate as at the date of the Scheme Meeting in Hong Kong dollars or the original currency of the debt or interest. In the case of a creditor holding any security from the Company, such amount of the Company’s indebtedness stated herein should be the amount of the shortfall, if any, after applying the proceeds of the realisation of the security or the amount of such satisfaction or the estimated value of relevant security.

IMPORTANT: The admission of an amount for which a creditor or his proxy can vote at the Scheme Meeting does not constitute the admission by the Scheme Administrators (as defined in the Schemes) of the amount for the purposes of the Schemes if approved.

- (4) **IMPORTANT:** If you wish to vote for the Schemes, mark “X” in the box to the right of the box marked “FOR the Schemes”. If you wish to vote against the Schemes, mark “X” in the box to the right of the box marked “AGAINST the Schemes”. Failure to mark in either box will entitle your proxy to cast your vote at his discretion or abstain. Your proxy will also be entitled to vote at his discretion or abstain on any resolution properly put to Scheme Meeting other than that referred to in the notice convening the Scheme Meeting.
- (5) This Form of Proxy must be signed by you or your attorney duly authorised in writing or in the case of a company must be either under its common seal or under the hand of an officer or attorney duly authorised.
- (6) You are requested to lodge this Form of Proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy thereof, to the Liquidators at **22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong (Attn: Mr. David Yen Ching Wai) (Fax: +852 2827 0715) by no later than 10:00 a.m. on 3 July 2019, being two (2) business days prior to the date of the Scheme Meeting.** Completion and return of this Form of Proxy will not preclude you from attending the voting in person at the Scheme Meeting, but in such event this Form of Proxy will be deemed to have been revoked.

APPENDIX 5 – LIQUIDATION ANALYSIS

Comparison of the estimated return to Unsecured Creditors under the restructuring and liquidation scenarios

(Currency: HK\$ million)	<i>Note</i>	Restructuring scenario	Liquidation scenario
Cash Amount	<i>1</i>	80.0	–
Less: Scheme Costs and/or Liquidation Costs	<i>2</i>	<u>(8.0)</u>	<u>(3.0)</u>
		72.0	(3.0)
Less: Preferential Claim Amount	<i>3</i>	<u>(0.2)</u>	<u>(0.2)</u>
		<u>71.8</u>	<u>(3.2)</u>
Unsecured Claims		1,677.9	1,677.9
Dividend (cents in the dollars)	<i>5</i>	<u>4.3</u>	<u>NIL</u>

The above table has been prepared based on information currently available to the Liquidators and is for illustrative purposes only.

Notes:

- 1 A cash payment of HK\$80,000,000, being partial proceeds from the Subscriptions (or in case of the lapse of Ms. Chong's Subscription, the YM Subscription and the Placing).
- 2 In the restructuring scenario, this is the amount of the Scheme Costs as defined in the Scheme Document. In the liquidation scenario, this is the amount of liquidation costs incurred by the Liquidators for investigation and asset recovery.
- 3 Each Person with a Preferential Claim will be paid out of the Scheme Funds in full in relation to its Preferential Claim Amount. As at the Latest Practicable Date, based on the available books and records, the Preferential Claims amounted to approximately HK\$215,000.
- 4 In the restructuring scenario, there is a surplus of approximately HK\$71.8 million for the Scheme Creditors with Admitted Claims before any recovery from Transferred Claims and after deduction of the Preferential Claim Amount. In the liquidation scenario, there is a shortfall of approximately HK\$3.2 million.
- 5 In the restructuring scenario, the Dividend to the Preferential Creditors and the Dividend to the Unsecured Creditors are 100 and 4.3 cents in the dollar respectively.

In the liquidation scenario, there is a shortfall of approximately HK\$3.2 million. There is no return to the Company's Creditors.