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CHINA AGROTECH HOLDINGS LIMITED

浩倫農業科技集團有限公司*

(In Liquidation)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1073)

- (1) TERMINATION OF FORMER PLACING AGREEMENT;**
- (2) SUBSCRIPTION WITH PLACING OF NEW SHARES UNDER SPECIFIC MANDATE;**
- (3) CREDITORS' SCHEME;**
- (4) VERY SUBSTANTIAL ACQUISITION AND REVERSE TAKEOVER INVOLVING A NEW LISTING APPLICATION;**
- (5) PUBLIC OFFER WITH PREFERENTIAL OFFERING;**
- (6) APPLICATION FOR WHITEWASH WAIVER; AND**
- (7) SPECIAL DEAL**

Sponsor to the deemed new listing application of the Company



英皇融資有限公司
Emperor Capital Limited

Financial adviser to the Company



Lego Corporate
Finance Limited
力高企業融資有限公司

CHANGE IN THE STRUCTURE OF THE PROPOSED RESTRUCTURING

The Company proposed to revise and change the structure of the Proposed Restructuring pursuant to which the Company terminated the Former Placing Agreement and entered into the Subscription Agreements so that the Subscriptions (if the Ms. Chong's Subscription lapses, the YM Subscription and the New Placing) will replace the Former Placing. Further, no Open Offer will be conducted but instead the Company intends to carry out the Public Offer and the Open Offer will be replaced by the Preferential Offering under the Public Offer, with the Qualifying Shareholders granted the Assured Entitlement to apply for the Reserved Shares.

TERMINATION OF FORMER PLACING AGREEMENT

As disclosed in the Announcement, the Company proposed to conduct the Former Placing and the Former Placing Agreement was entered between by the Company and the Placing Agent on 3 November 2017. The Company proposed to conduct the Subscriptions in place of the Former Placing and pursuant to the Termination Deed, the Former Placing Agreement was terminated on 28 December 2018 accordingly.

THE SUBSCRIPTIONS AND THE NEW PLACING

In substitution of the Former Placing:

- (a) the Company entered into the Ms. Chong's Subscription Agreement on 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 Company also entered into the YM Subscription Agreement on 28 December 2018 with Mr. Warren Lee and the Yu Ming Team pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Warren Lee and the Yu Ming Team 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.

The aggregate of 797,448,586 Subscription Shares represent (i) approximately 8.0 times of the total number of issued New Shares upon completion of the Capital Reorganisation; (ii) approximately 88.8% of the issued capital of the Company as enlarged by the issue of the Subscription Shares; and (iii) approximately 69.9% of the issued capital of the Company as enlarged by the issue of the Subscription Shares and the Offer Shares.

As fall back for the lapse of Ms. Chong's Subscription Agreement, the Company entered into the New Placing Agreement 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 New Placing Price of HK\$0.52 per New 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 New Placing.

The Company will receive net proceeds of approximately HK\$414.7 million from the Subscriptions. It is expected that the net proceeds will be utilised as to (i) approximately HK\$334.7 million for the partial settlement of the Acquisition Consideration; and (ii) approximately HK\$80.0 million for the settlement to be made to the Creditors under the Creditors' Scheme.

THE ACQUISITION

On 2 October 2018, in view of the changes in the structure of the Proposed Restructuring, the parties to the Acquisition Agreement entered into the Third Supplemental Acquisition Agreement to further amend the terms of the Acquisition Agreement, including, among others, (i) further extension of the Long Stop Date to 31 March 2019; (ii) the amount and timing of the Cash Advance provided by the Vendor shall be amended; and (iii) conditions precedent to Acquisition Completion were supplemented and amended due to the changes in the structure of the Proposed Restructuring. On 28 December 2018, the parties to the Acquisition Agreement entered into the Fourth Supplemental Acquisition Agreement to further extend the Long Stop Date to 30 September 2019 and amended certain conditions precedent to Acquisition Completion.

THE PUBLIC OFFER AND THE PREFERENTIAL OFFERING

Under the revised Proposed Restructuring, no Open Offer will be conducted by the Company and instead the Company intends to carry out the Public Offer and the Open Offer will be replaced by the Preferential Offering under the Public Offer, with the Qualifying Shareholders granted the Assured Entitlement to apply for the Reserved Shares on the basis of three (3) Offer Shares for every integral multiple of two (2) New Shares held on the Record Date, being the same basis under the Open Offer, at the Offer Price of HK\$0.52 per Offer Share, being the same unit price of the Subscription Shares.

Based on the revised structure of the Proposed Restructuring, the Company proposes to raise in aggregate approximately HK\$125.7 million, before expenses, by way of the Public Offer of 241,705,083 Offer Shares, out of which 91,440,303 Offer Shares are offered to the public and 150,264,780 Offer Shares are offered as Reserved Shares to the Qualifying Shareholders under the Preferential Offering.

IMPLICATIONS UNDER THE TAKEOVERS CODE

Whitewash Waiver

Upon the completion of the Subscriptions and the Public Offer, Ms. Chong will hold 512,698,586 New Shares, representing approximately 45.0% of the issued capital of the Company as enlarged by the Subscription Shares and the Offer Shares. As such, Ms. Chong would be required to make a mandatory general offer for all the issued shares of the Company (not already owned or agreed to be acquired by Ms. Chong and parties acting in concert with her) under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

Ms. Chong will make an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of at least 75% of the votes cast by the Independent Shareholders at the EGM by way of poll, in which those who are involved in or interested in the Creditors' Scheme, the Subscriptions, the Public Offer and/or the Acquisition shall abstain from voting on the relevant resolutions. As at the date of this announcement, there are three Creditors who are Shareholders and accordingly they and their associates and parties acting in concert with any of them shall abstain from voting on the relevant resolutions approving these matters. Ms. Chong and parties acting in concert with her do not own or control any Shares, convertible securities, warrants, options or derivatives in respect of any Shares as at the date of this announcement and will continue to be so until completion or lapse of the Ms. Chong's Subscription Agreement.

If the Whitewash Waiver is granted by the Executive and approved by at least 75% of the votes cast by the Independent Shareholders at the EGM by poll, Ms. Chong will not be required to make a mandatory offer which would otherwise be required as a result of completion of the Ms. Chong's Subscription. The Executive may or may not grant the Whitewash Waiver. In the event that any of the conditions to the Ms. Chong's Subscription Agreement are not fulfilled, the Ms. Chong's Subscription Agreement shall lapse, and the Company has entered into the New Placing Agreement with the Placing Agent for the New Placing of the 512,698,586 New Shares upon the lapse of the Ms. Chong's Subscription Agreement to Independent Placees (which may include Ms. Chong) 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 New Placing.

The Creditors Scheme and the Special Deal

It is proposed that the Creditors' Scheme will be implemented as detailed in the Announcement. Based on the records currently available to the Liquidators, there are three Creditors, namely Mr. Kwok Ho and his non-wholly owned company, Fujian Chaoda Group Co., Ltd., Mr. Qiu Baoyu and Ms. So Siu Ping, who are in aggregate claiming approximately HK\$893.9 million against the Company, and are in aggregate interested in 2,252,000 Shares, representing approximately 0.2% of the issued share capital of the Company, as at the date of this announcement.

As the proposed settlement of the indebtedness due to the Creditors who are Shareholders under the Creditors' Scheme is not extended to all the other Shareholders, the implementation of the Creditors' Scheme constitutes a special deal under Rule 25 of the Takeovers Code and therefore requires (i) consent by the Executive; (ii) the Independent Financial Adviser to publicly state in its opinion that the terms of the Creditors' Scheme are fair and reasonable; and (iii) approval by the Independent Shareholders at the EGM, in which the Creditors and their associates and parties acting in concert with any of them who are Shareholders will be required to abstain from voting on the relevant resolutions approving the Creditors' Scheme and the Special Deal. The Company will apply to the Executive for the consent to the Special Deal under Rule 25 of the Takeovers Code.

The Independent Financial Adviser

As stated in the Announcement, no independent board committee has been established to advise the Shareholders on the Open Offer and Beijing Securities Limited was appointed as the independent financial adviser to advise the Independent Shareholders in respect of the Open Offer. Due to the change in the structure of the Proposed Restructuring, Pelican Financial Limited is appointed as the Independent Financial Adviser and will advise the Independent Shareholders in respect of the Subscriptions, the Public Offer, the Whitewash Waiver and the Special Deal.

EXPECTED DATE OF DESPATCH OF THE CIRCULAR AND APPLICATION FOR WAIVER FROM STRICT COMPLIANCE WITH THE TAKEOVERS CODE

As disclosed in the Announcement, the Circular will be despatched to the Shareholders as soon as possible. Under Rule 8.2 of the Takeovers Code, the Company is required to despatch to Shareholders the Circular in respect of, amongst others, the Whitewash Waiver within 21 days from the date of publication of this announcement, that is, on or before 18 January 2019.

The Company filed the New Listing Application and the Second New Listing Application with the Stock Exchange on 28 April 2017 and 6 November 2017 respectively. The Second New Listing Application lapsed on 6 May 2018 and the Company has filed the Third New Listing Application on 11 October 2018. As the Third New Listing Application is subject to the approval by the Listing Committee, it is expected that more time may be needed for the Stock Exchange to approve the Circular. As such, the Company will apply to the Executive pursuant to Rule 8.2 of the Takeovers Code for its consent to extend the time limit for the despatch of the Circular and the Company will make further announcement on the expected date of despatch of the Circular.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange had been suspended since 1:00 p.m. on 18 September 2014 and will remain suspended until further notice.

The publication of this announcement does not indicate any decision or conclusion from the Stock Exchange nor warrant any approval from the Stock Exchange on the Resumption. Shareholders and potential investors should note that the Proposed Restructuring are subject to various conditions which may or may not be fulfilled, in particular, whether the Stock Exchange will allow the Acquisition and accompanying transactions to proceed. Therefore, such transactions may or may not materialise and the Resumption may or may not proceed.

Reference is made to the announcement of the Company dated 17 May 2017 in relation to, among others, the Proposed Restructuring.

CHANGE IN THE STRUCTURE OF THE PROPOSED RESTRUCTURING

The Company proposed to revise and change the structure of the Proposed Restructuring pursuant to which the Company terminated the Former Placing Agreement and entered into Subscription Agreements so that the Subscriptions (if the Ms. Chong's Subscription lapses, the YM Subscription and the New Placing) will replace the Former Placing. Further, no Open Offer will be conducted but instead the Company intends to carry out the Public Offer and the Open Offer will be replaced by the Preferential Offering under the Public Offer, with the Qualifying Shareholders granted the Assured Entitlement to apply for the Reserved Shares.

(I) TERMINATION OF THE FORMER PLACING AGREEMENT

As disclosed in the Announcement, the Company proposed to conduct the Former Placing and the Former Placing Agreement was entered into between the Company and the Placing Agent on 3 November 2017. The Company proposed to conduct the Subscriptions in place of the Former Placing and pursuant to the Termination Deed, the Former Placing Agreement was terminated on 28 December 2018 accordingly.

(II) THE SUBSCRIPTIONS

In substitution of the Former Placing:

- (a) the Company entered into the Ms. Chong's Subscription Agreement on 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 Company also entered into the YM Subscription Agreement on 28 December 2018 with Mr. Warren Lee and the Yu Ming Team pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Warren Lee and the Yu Ming Team 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.

The Company will receive net proceeds of approximately HK\$414.7 million from the Subscriptions. It is expected that the net proceeds will be utilised as to (i) approximately HK\$334.7 million for the partial settlement of the Acquisition Consideration; and (ii) HK\$80.0 million for the settlement to be made to the Creditors under the Creditors' Scheme.

(A) MS. CHONG'S SUBSCRIPTION AGREEMENT

The principal terms of the Ms. Chong's Subscription Agreement are set out below:

Date:

28 December 2018

Parties

Issuer: the Company

Subscriber: Ms. Chong

Ms. Chong has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue to Ms. Chong 512,698,586 Subscription Shares at the Subscription Price of HK\$0.52 per Subscription Share, i.e. an aggregate consideration of approximately HK\$266.6 million.

Assuming the Capital Reorganisation having become effective, the 512,698,586 Subscription Shares represent: (i) approximately 5.1 times of the total number of issued New Shares immediately upon completion of the Capital Reorganisation; (ii) approximately 57.1% of the issued capital of the Company as enlarged by the issue of the Subscription Shares under Ms. Chong's Subscription Agreement and YM Subscription Agreement; and (iii) approximately 45.0% of the issued capital of the Company as enlarged by the issue of the Subscription Shares and the Offer Shares.

Information of Ms. Chong

Ms. Chong Sok Un, M.H. aged 63, 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 Honorary Director of the Chinese Red Cross Foundation, 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 announcement.

During the course of soliciting prospective investors for the Former Placing, Mr. Warren Lee approached Ms. Chong. On 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 Former Placing and the Resumption 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 as she is of the view that:

1. Yu Ming's performance has been considerably consistent during 2014 to 2016;
2. Yu Ming's team of professionals led by Mr. Warren Lee is competent, committed and has been considerably stable;
3. Mr. Warren Lee and his team have high integrity;
4. Yu Ming has been an active financial adviser for 20 years;
5. acquiring a controlling shareholding in a company focused on corporate finance advisory business is a rare opportunity; and
6. the valuation of the Enlarged Group represented by the Former Placing Price (equivalent to the Subscription Price) is attractive.

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 Former Placing and the Open Offer. On 3 November 2017, Ms. Chong entered into the Placing Letter with the Placing Agent for the subscription of 854,497,642 Former Placing Shares.

Due to a change in the structure of the Proposed Restructuring, the Former Placing Agreement was terminated on 28 December 2018 pursuant to the Termination Deed and the Placing Agent terminated the Placing Letter with Ms. Chong accordingly. In substitution of the Former 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. The subscription money payable by Ms. Chong under the Ms. Chong's Subscription will be funded by her own resources.

Prior to the entering into of the Ms. Chong's Subscription Agreement and as at the date of this announcement, Ms. Chong and parties acting in concert with her did not own any Shares and no Subscription Shares have yet been issued to Ms. Chong.

Ms. Chong is independent of and not connected nor acting in concert with any of the Company, the Vendor, Yu Ming, Mr. Warren Lee and the Yu Ming Team and their respective associates and concert parties and is not acting in concert with any shareholder of the Company immediately before completion of the Subscriptions and Public Offer. Upon completion of the Subscriptions and the Public Offer, Ms. Chong will become a controlling Shareholder. Ms. Chong intends to continue the principal businesses of Yu Ming and maintain the listing status of the Company on the Stock Exchange. Other than being the controlling Shareholder, Ms. Chong does not intend to involve in the business operation of the Group, or act as a Director or nominate candidate as Director following the Acquisition Completion. Ms. Chong has no plan for injection of any assets or business into the Enlarged Group, or to effect fundamental changes to the principal business of Yu Ming or its management or formulate alternative business plans or strategies for the Enlarged Group.

Ms. Chong further agrees that she will, upon completion of the Ms. Chong's Subscription:–

- (i) enter into a deed of non-competition with the Company pursuant to which she will undertake with the Company that she shall not, and shall procure that her close associates and entities or companies controlled by her or her close associates not to, either on her/their/its own account or for any other person, firm or company, directly or indirectly be interested or involved or engaged in or acquire or hold an interest (in each case whether as a shareholder, partner, agent, consultant, employee or otherwise and whether for profit, reward or otherwise) in any business (other than the Enlarged Group) which competes or is likely to compete, directly or indirectly, with the business currently and from time to time engaged by the Enlarged Group (including but not limited to the provision of corporate finance advisory services and asset management services), save for the holding of not more than 5% shareholding interests (individually or with her/their/its close associates) in any company listed on a recognised stock exchange; and
- (ii) in compliance with Rule 10.07 of the Listing Rules, give a non-disposal undertaking to the Stock Exchange and the Company not to dispose of any of her interests in the Company during the six months period from the date of completion of the Subscriptions referred to in Rule 10.07 of the Listing Rules.

Conditions of the Ms. Chong's Subscription

Pursuant to the Ms. Chong's Subscription Agreement, completion thereof is conditional upon:

- (i) the Listing Committee granting and not having withdrawn or revoked its approval for the listing of and permission to deal in the Subscription Shares by no later than close of business on the business day prior to the first day of their dealings on the Stock Exchange;
- (ii) the Ms. Chong's Subscription Agreement not having been terminated in accordance with its terms;

- (iii) the passing of the necessary resolution(s) by the Shareholders or Independent Shareholders (as the case may be) at the EGM to be convened and held to approve, among other things, (a) the Acquisition Agreement and the transactions contemplated thereunder; (b) the Capital Reorganisation; (c) the Subscriptions and allotment and issue of the New Shares under the Subscriptions; (d) the Public Offer and the allotment and issue of the Offer Shares; (e) the Creditors' Scheme, if required; and (f) the Special Deal, if applicable;
- (iv) the Listing Division of the Stock Exchange having approved in principle of the Resumption;
- (v) the IPO Transactions Department of the Listing Division of the Stock Exchange having approved the reverse takeover contemplated under the Acquisition Agreement;
- (vi) the meetings of the Creditors having approved the Creditors' Scheme;
- (vii) the final sanction from the High Court on the Creditors' Scheme having been obtained (to the extent necessary);
- (viii) the final sanction from the Grand Court on the Creditors' Scheme having been obtained (to the extent necessary);
- (ix) all of the conditions precedent to the YM Subscription Agreement, the Underwriting Agreement and the Acquisition Agreement having been fulfilled (save for the condition requiring the Ms. Chong's Subscription Agreement having becoming unconditional) or, as applicable, waived;
- (x) the Capital Reorganisation having become effective;
- (xi) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Ms. Chong's Subscription Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect;
- (xii) all necessary consents and approvals required to be obtained on the part of Ms. Chong in respect of the Ms. Chong's Subscription Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect;
- (xiii) the obtaining of either conditional approval or approval in-principle from the Licensing Department of the SFC in relation to the change of substantial shareholder (as defined in the SFO) of Yu Ming to the Company and Ms. Chong and such approval has not been revoked, cancelled or lapsed;
- (xiv) the Executive granting the Whitewash Waiver to Ms. Chong and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted, including the passing of the necessary resolution by the Independent Shareholders by way of poll at the EGM to be held and convened approving the Ms. Chong's Subscription and the Whitewash Waiver, if applicable; and

(xv) the Executive granting consent under Rule 25 of the Takeovers Code in respect of Special Deal contemplated under the Creditors' Scheme in accordance with applicable requirements under the Takeovers Code and any conditions attaching to such consent becoming unconditional.

With respect to condition (iii) above, (a) Independent Shareholders' approvals are required to approve (1) the Acquisition Agreement and the transactions contemplated thereunder; (2) the Subscription Agreements and the transactions contemplated thereunder, including the allotment and issue of New Shares under the Subscriptions; (3) the Public Offer, including the allotment and issue of the Offer Shares; (4) the Creditor's Scheme; and (5) the Special Deal; and (b) Shareholders' (including Independent Shareholders) approvals are required to approve the Capital Reorganisation.

None of the above conditions can be waived. As at the date of this announcement, none of the conditions has been fulfilled. Save for the Independent Shareholders' approval requirement on the part of the Company and the conditional approval or approval in-principle from the Licensing Department of the SFC in relation to the change of substantial shareholder of Yu Ming on the part of the Company and Ms. Chong, there is no other consents and approvals required to be obtained by Ms. Chong and the Company for fulfilling condition (xi) and (xii) above. In the event the Company is aware of any consents and/or approvals required to be obtained on the part of the Company and/or Ms. Chong, the Company shall issue further announcement(s) as and when appropriate in accordance with the Listing Rules.

In the event that any of the above conditions has not been satisfied on or before the long stop date to the Ms. Chong Subscription Agreement, being 30 September 2019 (or such later date as the Liquidators and Ms. Chong may agree), all liabilities of the parties under the Ms. Chong Subscription Agreement shall cease and determine and no party shall have any claim against any other party other than for any antecedent breach.

(B) YM Subscription Agreement

The principal terms of YM Subscription Agreement are set out below:

Date:

28 December 2018

Parties

Issuer: the Company

Subscribers: (a) Mr. Warren Lee
(b) Yu Ming Team

Mr. Warren Lee and Yu Ming Team have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 227,250,000 and 57,500,000 Subscription Shares respectively at the Subscription Price of HK\$0.52 per Subscription Share, i.e. at an aggregate consideration of approximately HK\$148.1 million. As the subscription by Mr. Warren Lee and the Yu Ming Team were governed under the same agreement, their subscriptions are inter-conditional.

The identities of and position held by the Yu Ming Team who will take up the YM Subscription Shares and the respective number of YM Subscription Shares to be taken up by each of them are set out as follows:

Name of Yu Ming Team	Position held	Number of YM Subscription Shares	Consideration payable for the YM Subscription Shares (HK\$)	Approximate percentage of shareholding held in the Company upon completion of the Proposed Restructuring
Lam Chi Shing	director	17,800,000	9,256,000	1.6%
Li Ming	director	17,800,000	9,256,000	1.6%
Tam Ka Hei Raymond	associate director	8,000,000	4,160,000	0.7%
Lee Hon Sang	financial controller	5,300,000	2,756,000	0.5%
Fong Yun Sang	senior manager	3,500,000	1,820,000	0.3%
Chak Hing Fei	senior accountant	2,000,000	1,040,000	0.2%
Chow Kai Yip Nelson	assistant manager	1,500,000	780,000	0.1%
Lee Seng Lin	consultant	500,000	260,000	<0.1%
Qiu Yin Qi	accountant	500,000	260,000	<0.1%
Pauline Leung	executive assistant	300,000	156,000	<0.1%
Tse Man Lok	assistant accountant	300,000	156,000	<0.1%
Total		57,500,000	29,900,000	5.0%

Allied Group acquired Yu Ming for a consideration of HK\$11 million in August 2007. Given that Allied Group would make a substantial disposal profit of HK\$390 million from the Acquisition, which is attributed to the track record of Yu Ming that Mr. Warren Lee and the Yu Ming Team have built up, Allied Group intends to allocate 25% of the disposal profit of approximately HK\$97.5 million to Mr. Warren Lee and the Yu Ming Team as gratuity, which they would deploy for the YM Subscription. Accordingly, each of Mr. Warren Lee and the Yu Ming Team has sufficient funds to subscribe for their respective Subscription Shares through own resources as well as financing from capital market after taking into account gratuity from Allied Group. Financing would include personal loans as well as other financing, where no financing would be funded by Ms. Chong and parties acting in concert with her. Mr. Warren Lee and the Yu Ming Team will comply with all disclosure requirements under the SFO in the event the financing requires such disclosure.

Assuming the Capital Reorganisation having become effective, the aggregate 284,750,000 YM Subscription Shares represent: (i) approximately 2.8 times of the total number of issued New Shares immediately upon completion of the Capital Reorganisation; (ii) approximately 31.7% of the issued capital of the Company as enlarged by the issue of the Subscription Shares under the Ms. Chong's Subscription Agreement and the YM Subscription Agreement; and (iii) approximately 24.9% of the issued capital of the Company as enlarged by the issue of the Subscription Shares and the Offer Shares.

Information of Mr. Warren Lee

Mr. Warren Lee is one of the founding directors of Yu Ming in 1996 and has worked in Yu Ming ever since. Mr. Warren Lee is responsible for overseeing business development of Yu Ming, maintaining client relationship, monitoring industry developments and supervising corporate finance advisory and asset management teams on the provision of services to clients.

Mr. Warren Lee is currently the chairman of the board of directors of SHK, a company listed on the Main Board (stock code: 666). He was appointed as SHK's director in September 2004. From December 2008 to November 2013, Mr. Warren Lee was a director of First Natural Foods Holdings Limited, a company listed on the Main Board (stock code: 1076). From June 2010 to June 2013, Mr. Warren Lee was an executive director of Viva China Holdings Limited, a company listed on GEM (stock code: 8032). From December 2006 to May 2007, Mr. Warren Lee was the chief executive officer of Nam Tai Electronics, Inc. ("**Nam Tai**"), an electronics manufacturing services provider listed on the New York Stock Exchange. Between March 2004 and February 2006, he was an independent non-executive director of Nam Tai Electronic & Electrical Products Limited ("**NTEEP**"), a company formerly listed on the Main Board (former stock code: 2633) which was privatised on 13 November 2009. Between February 2006 and April 2007, he was re-designated as a non-executive director of NTEEP. Between January 2007 and April 2007, he was also a non-executive director of J.I.C. Technology Company Limited, a company listed on the Main Board (stock code: 987).

Mr. Warren Lee graduated with a Bachelor of Science Degree from The University of East Anglia in England in 1986 and obtained a Master of Science Degree from The City University, London in 1988.

Mr. Warren Lee is currently licensed by the SFC to act as a Responsible Officer 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 SFO.

Mr. Warren Lee is not connected nor acting in concert with any of the Company, Ms. Chong, the Yu Ming Team or any shareholder of the Company immediately before completion of the Subscriptions (or YM Subscription and the New Placing if the Ms. Chong's Subscription Agreement lapses) and the Public Offer. As at the date of this announcement, Mr. Warren Lee, the Yu Ming Team, their respective close associates and parties acting in concert with any of them do not hold any Shares. Immediately upon completion of the Subscriptions (or YM Subscription and the New Placing if the Ms. Chong's Subscription Agreement lapses) and the Public Offer, Mr. Warren Lee will become a substantial shareholder of the Company.

Each of Mr. Warren Lee and the Yu Ming Team agrees that he/she will upon completion of YM Subscription provide a non-disposal undertaking to the Stock Exchange and the Company that he/she will not dispose of any of his/her interests in the Company for, in respect of Mr. Warren Lee, Ms. Li Ming and Mr. Lam Chi Shing, all being proposed executive Directors, a period of one year and in respect of the rest of the Yu Ming Team, a period of six months after Resumption.

Conditions of the YM Subscription

Pursuant to the YM Subscription Agreement, completion of YM Subscription is conditional upon:

- (i) the Listing Committee granting and not having withdrawn or revoked its approval for the listing of and permission to deal in the Subscription Shares by no later than close of business on the business day prior to the first day of their dealings on the Stock Exchange;
- (ii) the YM Subscription Agreement not having been terminated in accordance with its terms;
- (iii) the passing of the necessary resolution(s) by the Shareholders or Independent Shareholders (as the case may be) at the EGM to be convened and held to approve, among other things, (a) the Acquisition Agreement and the transactions contemplated thereunder; (b) the Capital Reorganisation; (c) the YM Subscription and allotment and issue of the New Shares under the YM Subscription; (d) the Public Offer and the allotment and issue of the Offer Shares; (e) the Creditors' Scheme, if required; and (f) the Special Deal, if applicable;
- (iv) the Listing Division of the Stock Exchange having approved in principle of the Resumption;
- (v) the IPO Transactions Department of the Listing Division of the Stock Exchange having approved the reverse takeover contemplated under the Acquisition Agreement;
- (vi) the meetings of the Creditors having approved the Creditors' Scheme;
- (vii) the final sanction from the High Court on the Creditors' Scheme having been obtained (to the extent necessary);

- (viii) the final sanction from the Grand Court on the Creditors' Scheme having been obtained (to the extent necessary);
- (ix) all of the conditions precedent to the Underwriting Agreement and the Acquisition Agreement having been fulfilled (save for the condition requiring the YM Subscription Agreement having becoming unconditional) or, as applicable, waived;
- (x) the Capital Reorganisation having become effective;
- (xi) all necessary consents and approvals required to be obtained on the part of the Company in respect of the YM Subscription Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect;
- (xii) all necessary consents and approvals required to be obtained on the part of the subscribers in respect of the YM Subscription Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect;
- (xiii) the obtaining of either conditional approval or approval in-principle from the Licensing Department of the SFC in relation to the change of substantial shareholder (as defined in the SFO) of Yu Ming to the Company and such approval has not been revoked, cancelled or lapsed;
- (xiv) the Executive granting consent under Rule 25 of the Takeovers Code in respect of the Special Deal contemplated under the Creditors' Scheme in accordance with applicable requirements under the Takeovers Code and any conditions attaching to such consent becoming unconditional;
- (xv) the Ms. Chong's Subscription Agreement becoming unconditional in accordance with the terms thereof (save for the condition requiring the YM Subscription Agreement having becoming unconditional); and
- (xvi) in the event the Ms. Chong's Subscription Agreement lapsed, the New Placing Agreement becoming unconditional in accordance with the terms thereof (save for any conditions requiring the YM Subscription Agreement to become unconditional).

With respect to condition (iii) above, (a) Independent Shareholders' approvals are required to approve (1) the Acquisition Agreement and the transactions contemplated thereunder; (2) the YM Subscription Agreement and the transactions contemplated thereunder, including the allotment and issue of YM Subscription Shares under the YM Subscription; (3) the Public Offer, including the allotment and issue of the Offer Shares; (4) the Creditor's Scheme; and (5) the Special Deal; and (b) Shareholders' (including Independent Shareholders) approvals are required to approve the Capital Reorganisation.

The Company, Mr. Warren Lee and the Yu Ming Team can mutually agree to waive either condition (xv) above or condition (xvi) above, but not both, and none of the other conditions above can be waived. As at the date of this announcement, none of the conditions has been fulfilled or waived. Save as the Independent Shareholders' approval requirement and the conditional approval or approval in-principle from the Licensing Department of the SFC in relation to the change of substantial shareholder of Yu Ming to the Company, there is no other consents and approvals required to be obtained by Mr. Warren Lee, the Yu Ming Team and the Company on fulfilling condition (xi) and (xii) above. In the event that any of the above conditions has not been satisfied on or before the long stop date to the YM Subscription Agreement, being 30 September 2019 (or such later date as the Liquidators, Mr. Warren Lee and the Yu Ming Team may agree), all liabilities of the parties under the YM Subscription Agreement shall cease and determine and no party shall have any claim against any other party other than for any antecedent breach.

The Subscription Shares

The aggregate of 797,448,586 Subscription Shares represent: (i) approximately 8.0 times of the total number of issued New Shares immediately upon completion of the Capital Reorganisation; (ii) approximately 88.8% of the issued capital of the Company as enlarged by the issue of the Subscription Shares; and (iii) approximately 69.9% of the issued capital of the Company as enlarged by the issue of the Subscription Shares and the Offer Shares.

For the avoidance of doubt, holders of the Subscription Shares do not have the Assured Entitlement to subscribe for the Offer Shares under the Preferential Offering by virtue of their holding of the Subscription Shares.

The Subscription Shares will rank *pari passu* in all respects with the New Shares in issue as at the date of allotment and issue of the Subscription Shares.

The Subscription Price

The Subscription Price of HK\$0.52 per Subscription Share represents:

- (i) a discount of approximately 78.8% to the theoretical closing price of HK\$2.45 per New Share as adjusted for the effect of the Capital Reorganisation based on the closing price of HK\$0.245 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 78.7% to the average theoretical closing price of HK\$2.446 per New Share as adjusted for the effect of the Capital Reorganisation based on the average of the closing price of HK\$0.2446 per Share as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 78.0% to the average theoretical closing price of HK\$2.366 per New Share as adjusted for the effect of the Capital Reorganisation based on the average of the closing price of HK\$0.2366 per Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day; and

- (iv) a premium of approximately HK\$9.95 over the Group's audited consolidated net deficit per New Share of approximately HK\$9.43 as at 30 June 2018.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscribers having taken into account (i) the fact that trading in the Shares on the Stock Exchange has been suspended since 18 September 2014 and the Proposed Restructuring is the only viable resumption proposal to rescue the Company in avert of the delisting of the Shares on the Stock Exchange; (ii) the prevailing adverse financial position of the Company and that the Group is currently insolvent; and (iii) the amount of funds required to be raised by the Company, including the Acquisition Consideration and payment to be transferred to the Creditors' Scheme. In light of the above, there are practical difficulties to issue the New Shares without substantial discount. The Liquidators consider that the terms of the Subscriptions are fair and reasonable.

Completion of the Subscriptions

Subject to the fulfilment or waiver (as the case may be) of the conditions under the Ms. Chong's Subscription Agreement and the YM Subscription Agreement respectively, completion of the Subscriptions shall take place on the date of Acquisition Completion. The YM Subscription, the Acquisition and the Public Offer are inter-conditional to each other and the Acquisition and the Public Offer will not proceed if the YM Subscription lapses. Completion of Ms. Chong's Subscription is conditional upon completion of the YM Subscription, while completion of YM Subscription is not conditional upon completion of Ms. Chong's Subscription but will be conditional upon completion of the New Placing if Ms. Chong's Subscription lapses. Given the Company, Mr. Warren Lee and the Yu Ming Team can mutually agree to waive either condition (xv) or condition (xvi), but not both, under the Yu Ming Subscription Agreement, the parties to the Acquisition Agreement, the YM Subscription Agreement and the Underwriting Agreement have the right to waive either of the conditions, namely the Ms. Chong's Subscription becoming unconditional or the New Placing Agreement becoming unconditional. Hence, the Acquisition, the YM Subscription and the Public Offer will proceed if either the Ms. Chong's Subscription or the New Placing can take place. If neither of the Ms. Chong's Subscription nor the New Placing could proceed, the Acquisition and the Public Offer would lapse.

Following completion of the Subscriptions and the Public Offer and therefore Ms. Chong having become the controlling shareholder of the Company, 363,781,604 New Shares, representing approximately 31.9% of the enlarged issued share capital of the Company immediately after completion of the Subscriptions and the Public Offer, will be held in the hands of the public. Accordingly, the Company shall be able to fulfill the 25% minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules.

The Company and Ms. Chong have made an application to the Licensing Department of the SFC for the change in the substantial shareholders of Yu Ming. In the event the Licensing Department of the SFC does not grant the conditional approval or approval in-principle for the change in the substantial shareholder of Yu Ming to Ms. Chong but grants the conditional approval or approval in-principle for the change in the substantial shareholder of Yu Ming

to the Company, which represents condition (xiii) under the YM Subscription Agreement is fulfilled while condition (xiii) under the Ms. Chong's Subscription Agreement is not being fulfilled, the Ms. Chong's Subscription Agreement will lapse. In such event, Ms. Chong will not become a controlling shareholder of the Company and save for Mr. Warren Lee, the Company will not have any Substantial Shareholder immediately after the completion of the Proposed Restructuring. Accordingly, the conditions relating to the obtaining of the Whitewash Waiver under the Acquisition Agreement and the Underwriting Agreement shall become void and not applicable, and as a result there is no further implications under the Takeovers Code. Save for the conditions set out in the section headed "Conditions of the YM Subscription" above, there are no other consents and approvals required to be obtained by Mr. Warren Lee, the Yu Ming Team and the Company regarding change of substantial shareholder of Yu Ming. Should the Company become aware of any other consents and/or approvals required, the Company shall issue further announcement as and when appropriate in accordance with the Listing Rules.

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Subscription Shares.

THE NEW PLACING

To cater for the scenario of the lapse of Ms. Chong's Subscription Agreement, the Company entered into the New Placing Agreement with the Placing Agent for the placing, upon the lapse of the Ms. Chong's Subscription Agreement, 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 New Placing Price of HK\$0.52 per Placing Share on a best efforts basis, provided that the Independent Placees procured shall (i) not be existing Shareholders; (ii) be independent to the Company, the Vendor, Yu Ming and their respective associates and not being a party acting in concert with any of them; and (iii) not become a substantial shareholder of the Company following completion of the YM Subscription, the Public Offer and the New Placing.

According to the New Placing Agreement, (i) the Proposed Directors and their associates; and (ii) any of the associates and associated companies of Allied Group (save for the Placing Agent acting in its capacity as the placing agent for the New Placing), are excluded from participating in the New Placing.

The Placing Agent has undertaken in the New Placing Agreement that it and its associates will not subscribe for any New Placing Shares and it will use its best endeavours to ensure that not less than 25% of the enlarged issued share capital of the Company will be held by Public Shareholders upon completion of the YM Subscription, the Public Offer and the New Placing. To the best of the Liquidators' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placing Agent will receive a placing commission of 1.0% which was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions and the size and scale of the New Placing.

The New Placing Price of HK\$0.52 per Placing Share is equal to the Subscription Price. Comparison of the Subscription Price to the closing prices of the New Shares are set out in the section headed “The Subscriptions – the Subscription Price” herein.

Assuming all the New Placing Shares have been fully placed out, the Company will receive gross proceeds of approximately HK\$266.6 million and net proceeds of approximately HK\$263.9 million from the New Placing. It is expected that the net proceeds from YM Subscription of approximately HK\$148.1 million and the New Placing of approximately HK\$263.9 million will be utilised as to (i) HK\$332.0 million for the partial settlement of the Acquisition Consideration; and (ii) HK\$80.0 million for the settlement to be made to the Creditors under the Creditors’ Scheme.

The aggregate 512,698,586 New Placing Shares represent: (i) approximately 5.1 times of the total number of issued New Shares immediately upon completion of the Capital Reorganisation; (ii) approximately 57.1% of the issued capital of the Company as enlarged by the issue of the YM Subscription Shares and the New Placing Shares; and (iii) approximately 45.0% of the issued capital of the Company as enlarged by the issue of the YM Subscription Shares, the Offer Shares and the New Placing Shares. Holders of the New Placing Shares do not have the Assured Entitlement to subscribe for the Offer Shares under the Preferential Offering by virtue of their holding of the New Placing Shares.

The New Placing Shares will rank *pari passu* in all respects with the New Shares in issue as at the date of allotment and issue of the New Placing Shares.

Conditions of the New Placing

Pursuant to the New Placing Agreement, the New Placing and the obligations of the Placing Agent are conditional upon:

- (i) the Listing Committee granting (subject only to allotment) and not having withdrawn or revoked listing of and permission to deal in the New Placing Shares by no later than close of business on the day prior to the first day of their dealings on the Stock Exchange;
- (ii) the New Placing Agreement has not been terminated in accordance with its terms;
- (iii) the passing of the necessary resolution(s) by the Shareholders or Independent Shareholders (as the case may be) at the EGM to be convened and held to approve, among other things, (a) the Acquisition Agreement and the transactions contemplated thereunder; (b) the Capital Reorganisation; (c) the YM Subscription and allotment and issue of the YM Subscription Shares; (d) the New Placing and allotment and issue of the New Placing Shares; (e) the Public Offer and the allotment and issue of the Offer Shares; (f) the Creditors’ Scheme, if required; and (g) the Special Deal, if applicable;
- (iv) the Listing Division of the Stock Exchange has approved in principle of the Resumption;

- (v) the IPO Transactions Department of the Listing Division of the Stock Exchange has approved the reverse takeover contemplated under the Acquisition Agreement;
- (vi) the meetings of the Creditors having approved the Creditors' Scheme;
- (vii) the final sanction from the High Court on the Creditors' Scheme having been obtained (to the extent necessary);
- (viii) the final sanction from the Grand Court on the Creditors' Scheme having been obtained (to the extent necessary);
- (ix) all of the conditions precedent to the YM Subscription Agreement, the Underwriting Agreement and the Acquisition Agreement having been fulfilled (save for the condition for the New Placing Agreement having become unconditional) or, as applicable, waived;
- (x) the Capital Reorganisation having become effective;
- (xi) all necessary consents and approvals required to be obtained on the part of the Company in respect of the New Placing Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect;
- (xii) all necessary consents and approvals required to be obtained on the part of the Placing Agent in respect of the New Placing Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect;
- (xiii) the obtaining of either conditional approval or approval in-principle from the Licensing Department of the SFC in relation to the change of substantial shareholder (as defined in the SFO) of Yu Ming to the Company and such approval has not been revoked, cancelled or lapsed; and
- (xiv) the lapse of Ms. Chong's Subscription Agreement.

None of the above conditions can be waived. As at the date of the announcement, none of the conditions has been fulfilled. Save for the Independent Shareholders' approval requirement and the conditional approval or approval in-principle from the Licensing Department of the SFC in relation to the change of substantial shareholder of Yu Ming on the part of the Company, there is no other consents and approvals required to be obtained by the Placing Agent and the Company on fulfilling condition (xi) and (xii) to the New Placing Agreement. Should the Company become aware of any other consents and/or approvals required, the Company shall issue further announcement as and when appropriate in accordance with the Listing Rules. In the event that any of the above conditions has not been satisfied on or before the long stop date to the New Placing Agreement, being 30 September 2019 (or such later date as the Liquidators and the Placing Agent may agree), all liabilities of the parties under the New Placing Agreement shall cease and determine and no party shall have any claim against any other party other than for any antecedent breach.

Subject to the fulfilment of the conditions under the New Placing Agreement, completion of the New Placing shall take place on the date of Acquisition Completion. In case that both Ms. Chong's Subscription, and the New Placing are lapsed, the Proposed Restructuring including the Acquisition, the YM Subscription and the Public Offer will not proceed and accordingly the Resumption will not materialise.

(III) CREDITORS SCHEME AND THE SPECIAL DEAL

It is proposed that the Creditors' Scheme will be implemented as detailed in the Announcement. There are three Creditors, namely Mr. Kwok Ho and his non-wholly owned company, Fujian Chaoda Group Co., Ltd., Mr. Qiu Baoyu and Ms. So Siu Ping, who are in aggregate claiming approximately HK\$893.9 million against the Company, and are in aggregate interested in 2,252,000 Shares, representing approximately 0.2% of the issued share capital of the Company as at the date of this announcement.

As the proposed settlement of the indebtedness due to these Creditors, who are Shareholders under the Creditors' Scheme is not extended to all the other Shareholders, the implementation of the Creditors' Scheme constitutes a special deal under Rule 25 of the Takeovers Code. Accordingly, the implementation of the Creditors' Scheme shall be further subject to the Executive granting the consent in relation to the Special Deal.

(IV) THE ACQUISITION

Reference is made to the Announcement. On 24 August 2016, the Vendor, the Company and the Liquidators entered into the Acquisition Agreement in relation to the Acquisition. Pursuant to the Acquisition Agreement, the Company will acquire the entire issued share capital of Yu Ming, free from all encumbrances, at the Acquisition Consideration of HK\$400.0 million. On 7 February 2017, the Vendor, the Company and the Liquidators entered into the Supplemental Acquisition Agreement to amend certain terms and conditions of the Acquisition Agreement, including (i) the extension of the long stop date to the Acquisition Agreement; (ii) the amendments to certain conditions precedent to the completion of the Acquisition Agreement; and (iii) the provision of the Cash Advance from the Vendor. As at the date of this announcement, total amount of Cash Advance made by the Vendor to the Company amounted to approximately HK\$20.8 million.

On 13 November 2017, the parties to the Acquisition Agreement entered into the Second Supplemental Acquisition Agreement pursuant to which (i) the long stop date shall be further extended from 31 December 2017 to 30 September 2018; (ii) the Acquisition Consideration shall no longer be funded partially by zero-coupon unsecured bonds but will be fully paid by cash and payable by the Company within three days upon Acquisition Completion; (iii) supplemented and amended certain conditions precedent to Acquisition Completion; and (iv) the Vendor undertakes that it and its associates will not subscribe for any of the New Shares to be issued under the Former Placing and the Open Offer.

On 2 October 2018, in view of the changes in the structure of the Proposed Restructuring, the parties to the Acquisition Agreement entered into the Third Supplemental Acquisition Agreement pursuant to which the following amendments shall be made to the Acquisition Agreement (as amended and supplemented by the Supplemental Acquisition Agreement and the Second Supplement Acquisition Agreement): (i) the long stop date shall be further extended from 30 September 2018 to 31 March 2019; (ii) the amount and timing of the Cash Advance provided by the Vendor shall be amended; (iii) the conditions precedent to Acquisition Completion as disclosed in the Announcement shall be superseded and amended; and (iv) the Vendor further undertakes that it and its associates will not subscribe for any of the Offer Shares or the New Placing Shares. On 28 December 2018, the parties to the Acquisition Agreement entered into the Fourth Supplemental Acquisition Agreement to further extend the Long Stop Date to 30 September 2019 and amended certain conditions precedent to Acquisition Completion.

Pursuant to the Third Supplemental Acquisition Agreement and the Fourth Supplemental Acquisition Agreement, the conditions precedent to Acquisition Completion as disclosed in the Announcement shall be superseded and amended as follows:

- (i) the Company and the Liquidators being satisfied in their absolute discretion with the results of the financial, legal and/or other due diligence review on the assets, liabilities, operations and affairs of Yu Ming;
- (ii) the Vendor being satisfied in its absolute discretion that the Stock Exchange will approve the transactions contemplated in the Acquisition Agreement;
- (iii) all necessary consents, licenses and approvals from the shareholders, bankers, financial institutions and regulators required to be obtained on the part of the Vendor and Yu Ming in respect of the Acquisition Agreement and the transactions contemplated hereunder having been obtained and remaining in full force and effect;
- (iv) all necessary consents, licences and approvals from the shareholders, bankers, financial institutions and regulators required to be obtained on the part of the Company in respect of the Acquisition Agreement and the transactions contemplated hereunder having been obtained and remaining in full force and effect;
- (v) all warranties under the Acquisition Agreement remaining true and correct in all respects and not misleading;
- (vi) the obtaining of either conditional approval or approval in-principle from the Licensing Department of the SFC in relation to the change of substantial shareholder (as defined in the SFO) of Yu Ming and such approval has not been revoked, cancelled or lapsed;
- (vii) if necessary, Yu Ming having employed such number of qualified responsible officer(s) for each regulated activity as required under the SFO and the relevant rules and regulations to supervise the business of regulated activities carried on by Yu Ming at Acquisition Completion;

- (viii) all of the conditions precedent to the Public Offer and the Capital Reorganisation having been fulfilled (save for the condition for the Acquisition Agreement having becoming unconditional);
- (ix) the Company and the Liquidators having reasonably been satisfied that there has not been any material adverse change on Yu Ming since the date of the Acquisition Agreement;
- (x) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Subscription Shares, the Offer Shares, and the New Placing Shares, if applicable;
- (xi) the necessary resolution(s) having been passed by the Shareholders (as to the Capital Reorganisation) or Independent Shareholders (as to the Acquisition, the Subscriptions (in case of the lapse of the Ms. Chong's Subscription, the YM Subscription and the New Placing), the Public Offer, the Creditors' Scheme and the Special Deal) at the EGM to be convened and held to approve (a) the Acquisition Agreement and the transactions contemplated thereunder; (b) the Capital Reorganisation; (c) the Subscriptions (in case of the lapse of the Ms. Chong's Subscription, the YM Subscription and the New Placing), and allotment and issue of the Subscription Shares (in case of the lapse of Ms. Chong's Subscription Agreement, the YM Subscription Shares and the New Placing Shares); (d) the Public Offer and the allotment and issue of the Offer Shares; (e) the Creditors' Scheme, if required; and (f) the Special Deal;
- (xii) the IPO Transactions Department of the Listing Division of the Stock Exchange having approved the reverse takeovers contemplated under the Acquisition Agreement;
- (xiii) the Listing Division of the Stock Exchange having approved in principle the Resumption;
- (xiv) the meetings of the Creditors having approved the Creditors' Scheme;
- (xv) the final sanction from the High Court of the Creditors' Scheme having been obtained (to the extent necessary);
- (xvi) the final sanction from Grand Court of the Creditors' Scheme having been obtained (to the extent necessary);
- (xvii) the Ms. Chong's Subscription Agreement becoming unconditional in accordance with the terms thereof (save for any conditions requiring the Acquisition Agreement to become unconditional);
- (xviii) the YM Subscription Agreement becoming unconditional in accordance with the terms thereof (save for any conditions requiring the Acquisition Agreement to become unconditional);
- (xix) if the Ms. Chong's Subscription Agreement lapsed, the New Placing Agreement becoming unconditional accordance with the terms thereof (save for any conditions requiring the Acquisition Agreement to become unconditional);

(xx) the Underwriting Agreement becoming unconditional accordance with the terms thereof (save for any conditions requiring the Acquisition Agreement to become unconditional); and

(xxi) if necessary, the necessary ordinary resolution(s) having been passed by the shareholders of the Vendor at a general meeting to be convened and held to approve the Acquisition Agreement and the transactions contemplated thereunder.

With respect to condition (xi) above, (a) Independent Shareholders' approvals are required to approve (1) the Acquisition Agreement and the transactions contemplated thereunder; (2) the Subscription Agreements (in case of the lapse of the Ms. Chong's Subscription, the YM Subscription and the New Placing), and allotment and issue of the Subscription Shares (in case of the lapse of Ms. Chong's Subscription Agreement, the YM Subscription Shares and the New Placing Shares); (3) the Public Offer, including the allotment and issue of the Offer Shares; (4) the Creditor's Scheme; and (5) the Special Deal; and (b) Shareholders' (including Independent Shareholders) approvals are required to approve the Capital Reorganisation.

The Vendor and the Company can mutually agree to waive either condition (xvii) or condition (xix), the other conditions are not waivable. The Vendor shall use its best endeavours to procure the fulfillment of the conditions set out in conditions (i), (ii), (iii), (iv) (to the extent that the transactions are relating to the reverse takeover that will be triggered under the Listing Rules only), (v), (vi), (vii), (xii), (xviii) and (xxi) above. The Company shall use its best endeavours to procure the fulfillment of the conditions (i), (iv), (ix), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xix) and (xx) above. If the above conditions precedent set out have not been satisfied (or waived) on or before 12:00 noon on the Long Stop Date, the Acquisition Agreement shall cease and determine (save and except certain clauses as stated in the Acquisition Agreement which shall continue to have full force and effect) and thereafter none of the parties to the Acquisition Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Save as the above, there are no material changes to the Acquisition Agreement (as amended and supplemented by the Supplemental Acquisition Agreement and the Second Supplemental Acquisition Agreement). The Liquidators consider that the entering into of the Second Supplemental Acquisition Agreement, the Third Supplemental Acquisition Agreement and the Fourth Supplemental Acquisition Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Updated financial information on Yu Ming Group

Yu Ming Group is a financial services provider engaged in the provisions of corporate advisory services and asset management services. During the Track Record Period, Yu Ming Group's corporate finance advisory services included (i) acting as financial adviser for specific transactions; (ii) acting as independent financial adviser; (iii) provision of services under retainers; and (iv) commission based and other services. Yu Ming Group's asset management services mainly included the provision of asset management services to SHK.

The following table sets out the audited consolidated financial information of Yu Ming Group prepared in accordance with the Hong Kong accounting standards for the three years ended 31 December 2017 and the six months ended 30 June 2018:

	Year ended 31 December			Six months ended 30 June
	2015	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	51,229	60,048	73,515	35,792
Profit before income tax	23,011	40,820	49,258	32,803
Profit for the year/period	19,792	35,128	41,687	27,706

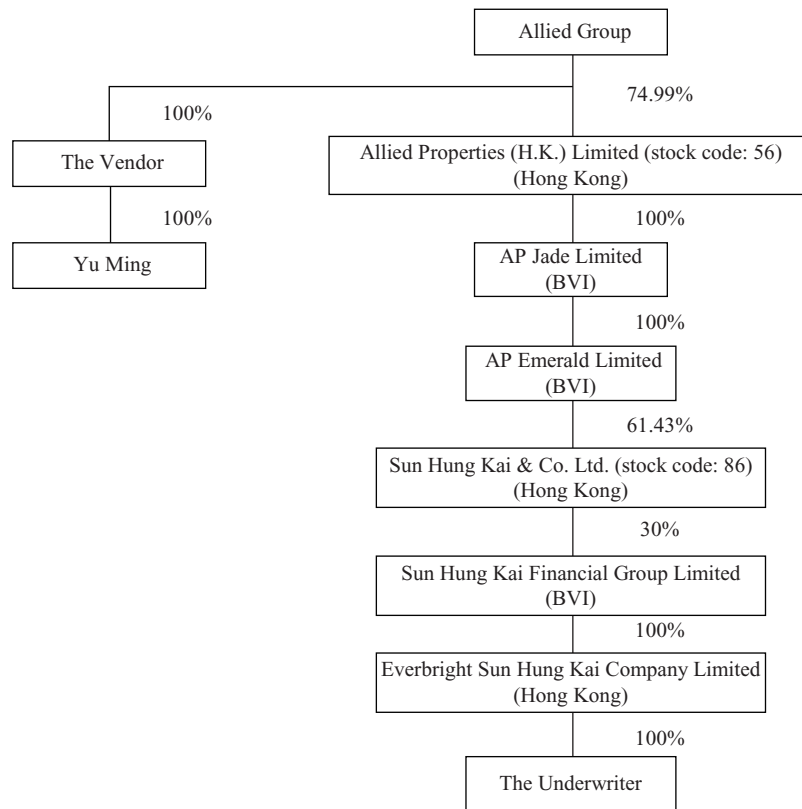
As at 30 June 2018, the audited net asset value of Yu Ming was approximately HK\$278.3 million.

(V) THE PUBLIC OFFER AND THE PREFERENTIAL OFFERING

As disclosed in the Announcement, the Company proposed to conduct the Open Offer to offer the Qualifying Shareholders a pre-emptive right to subscribe for New Shares at the same unit price as the Former Placing Share to allow their participation in the restructuring of the Company. Under the revised Proposed Restructuring, no Open Offer will be conducted by the Company and instead the Company intends to carry out the Public Offer and accordingly the Open Offer will be replaced by the Preferential Offering under the Public Offer, with the Qualifying Shareholders granted the Assured Entitlement to apply for the Reserved Shares on the basis of three (3) Offer Shares for every integral multiple of two (2) New Shares held on the Record Date, being the same basis under the Open Offer.

Based on the revised structure of the Proposed Restructuring, the Company proposes to raise in aggregate approximately HK\$125.7 million, before expenses, by way of the Public Offer of 241,705,083 Offer Shares. To uphold the offer basis under the Open Offer for the existing Shareholders, 150,264,780 Offer Shares will be offered as Reserved Shares to the Qualifying Shareholders under the Preferential Offering and the remaining 91,440,303 Offer Shares will be offered to the public, representing approximately 62.2% and 37.8% of the total number of Offer Shares under the Public Offer respectively, at the Offer Price of HK\$0.52 per Offer Share, being the same unit price as the Subscription Share.

The Company proposes to appoint Sun Hung Kai Investment Services Limited as the Underwriter to the Public Offer and the proposed underwriting commission is 2.0%. The Underwriter and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons as defined under the Listing Rules. As at the date of this announcement, the Underwriter/Placing Agent and parties acting in concert with it do not hold any Shares. On the other hand, each of the Vendor and Yu Ming are wholly owned subsidiaries of Allied Group. The Underwriter is held indirectly as to 30% by Sun Hung Kai & Co. Limited, a company owned as to approximately 61.43% by Allied Properties (H.K.) Limited, which in turn is owned as to approximately 74.99% by Allied Group. Accordingly, the Underwriter is an associate of the Vendor and Yu Ming. Set out below is the corporate structure of the Underwriter:



The Public Offer will be fully underwritten by the Underwriter for the aggregate 241,705,083 Offer Shares.

The Underwriter will also undertake in favour of the Company under the Underwriting Agreement that in the event of the Underwriter being called upon to subscribe for or procure subscribers for the Underwritten Shares: (1) the Underwriter and its associates will not subscribe the Underwritten Shares for their own accounts; (2) the Underwriter will sub-underwrite its underwriting obligations under the Underwriting Agreement to sub-underwriter(s) such that each of the sub-underwriter will be a PO Independent Third Party and such sub-underwriters could take up the undersubscribed Underwritten Shares for their own accounts as long as they will not become substantial shareholders of the Company upon completion of the Subscriptions (in case of the lapse of Ms. Chong's Subscription, the YM Subscription and the New Placing) and the Public Offer; (3) the Underwriter shall on its own and procure its sub-underwriters to procure subscription by subscriber(s) who is/ are a PO Independent Third Party(ies); and (4) the subscribers (together with any of their respective parties acting in concert or connected persons or associates) procured by it or the sub-underwriters will not be existing Shareholders and will not hold in aggregate 10% or more of the voting rights of the Company immediately upon completion of the Subscriptions (in case of the lapse of the Ms. Chong's Subscription, the YM Subscription and the New Placing) and the Public Offer.

The Company has no outstanding options, warrants, derivatives or convertible securities in issue which confer any rights to subscribe for, convert or exchange into the Shares as at the date of this announcement. Assuming the Capital Reorganisation having become effective, the 91,440,303 Offer Shares for initial offering to the public and 150,264,780 Reserved Shares for offering to the Qualifying Shareholders represent: (i) approximately 91.3% and 1.5 times of the total number of issued New Shares as at the date of this announcement; (ii) approximately 26.7% and 44.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares; and (iii) approximately 8.1% and 13.2% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (in case of the lapse of the Ms. Chong's Subscription Agreement, the YM Subscription Shares and the New Placing Shares) and the Offer Shares respectively.

The Company has not procured any undertaking and has not received any undertaking provided by any Shareholder to subscribe for the Reserved Shares under his/her/its Assured Entitlement under the Preferential Offering or any arrangement that may have an effect on the Public Offer.

The Offer Price

The Offer Price of HK\$0.52 per Offer Share is equivalent to the Subscription Price, which represents:

- (i) a discount of approximately 78.8% to the theoretical closing price of HK\$2.45 per New Share as adjusted for the effect of the Capital Reorganisation based on the closing price of HK\$0.245 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 78.7% to the average theoretical closing price of HK\$2.446 per New Share as adjusted for the effect of the Capital Reorganisation based on the average of the closing price of HK\$0.2446 per Share as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 78.0% to the average theoretical closing price of HK\$2.366 per New Share as adjusted for the effect of the Capital Reorganisation based on the average of the closing price of HK\$0.2366 per Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 59.8% to the theoretical ex-entitlement price of approximately HK\$1.292 per New Share based on the theoretical closing price of HK\$2.45 per New Share as adjusted for the effect of the Capital Reorganisation based on the closing price of HK\$0.245 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) a premium of approximately HK\$9.95 over the Group's audited consolidated net deficit per New Share of approximately HK\$9.43 as at 30 June 2018.

The net price per Offer Share (after deduction of underwriting commission) will be approximately HK\$0.51. The Offer Price is identical to the Subscription Price, which were determined after taken into account the prevailing financial position of the Company and the amount of funds required to be raised by the Company. Based on the foregoing, the Liquidators are of the view that the Offer Price is fair and reasonable.

Basis of Assured Entitlement

In order to enable the Existing Shareholders to participate in the Public Offer on a preferential basis as to allocation, the Qualifying Shareholders are entitled to apply for an aggregate of 150,264,780 Reserved Shares in Preferential Offering on the basis of Assured Entitlement of three (3) Offer Shares for every integral multiple of two (2) New Shares held by the Qualifying Shareholders on the Record Date. Application for all or any part of a Qualifying Shareholder's Assured Entitlement should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being applied for.

The Qualifying Shareholders should note that Assured Entitlement to Reserved Shares may not represent a number of a full board lot of 5,000 New Shares. Further, there is no fractional entitlements to the Reserved Shares. The Reserved Shares allocated to a Qualifying Shareholder will be rounded down to the nearest whole number if required. The Qualifying Shareholder should note that dealings in odd lots of the New Shares may be at a price below the prevailing market price for full board lots.

The Qualifying Shareholders who hold less than 20 Shares on the Record Date will not have an Assured Entitlement to Reserved Shares under the Preferential Offering and therefore will be entitled to participate in the Preferential Offering by applying for excess Reserved Shares only, and such application will only be satisfied to the extent there are sufficient available Reserved Shares not taken up by the Qualifying Shareholders as their Assured Entitlement under the Preferential Offering.

Basis of allocation for applications for Reserved Shares

The Qualifying Shareholders may apply for a number of Reserved Shares which is greater than, less than or equal to their Assured Entitlement under the Preferential Offering or may apply only for excess Reserved Shares under the Preferential Offering.

A valid application for a number of Reserved Shares which is less than or equal to a Qualifying Shareholder's Assured Entitlement under the Preferential Offering will be accepted in full, subject to the terms and conditions set out in the Application Form and assuming the conditions of the Public Offer are satisfied.

Where a Qualifying Shareholder applies for a number of Reserved Shares which are greater than the Qualifying Shareholder's Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied in full, subject to the aforementioned terms and conditions, but the excess portion of such application will only be satisfied to the extent that there are sufficient Reserved Shares available as described below.

Where a Qualifying Shareholder applies for excess Reserved Shares only under the Preferential Offering, such application will only be satisfied to the extent that there are sufficient Reserved Shares available as described below.

To the extent that the excess application for the Reserved Shares are:

- (a) less than the Untaken Reserved Shares, such Untaken Reserved Shares will first be allocated to satisfy such excess application for the Reserved Shares in full and thereafter will be allocated to the Public Offer;
- (b) equal to the Untaken Reserved Shares, the Untaken Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or
- (c) more than the Untaken Reserved Shares, the Untaken Reserved Shares will be allocated on a fair and reasonable basis consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications for smaller number of shares. No preference will be given to any excess applications made to top up odd lot holdings to whole lot holdings of New Shares.

Shareholders (not being Excluded Shareholders) whose Shares are held by a nominee company should note that the Company will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, such Shareholders whose Shares are held by a nominee company should note that the arrangement under paragraph (c) above will not apply to them individually. Any Shareholders (not being Excluded Shareholders) whose Shares are registered in the name of a nominee, trustee or registered holder in any other capacity should make arrangements with such nominee, trustee or registered holder in relation to applications for Reserved Shares under the Preferential Offering. Any such person is advised to consider whether it wishes to arrange for the registration of the relevant Shares in the name of the beneficial owner prior to the Record Date.

Detailed application procedures, including number of Reserved Shares available for application and their corresponding required payment, will be set out in the Public Offer Prospectus Documents.

No transfer of nil-paid entitlements

Assured Entitlement of the Qualifying Shareholders to Reserved Shares are not transferable. There will be no trading in nil-paid entitlements on the Stock Exchange.

Status of the Offer Shares

The Offer Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the then existing New Shares in issue on the date of allotment and issue of the Offer Shares. Holders of such Offer Shares will be entitled to receive all future dividends and distributions which are declared after the date of allotment and issue of the Offer Shares.

Qualifying Shareholders

The Preferential Offering is only available to the Qualifying Shareholders. To qualify for the Preferential Offering, a Shareholder must, at the close of business on the Record Date: (i) be registered as a member of the Company on the register of members of the Company; and (ii) not be an Excluded Shareholder.

As stated under the sections headed “*The Subscriptions*” and “*The New Placing*” above, the Subscribers and the Independent Placees (if any) shall not be the Qualifying Shareholders and will not be entitled to the Assured Entitlement.

Pursuant to the undertakings provided or to be provided by the Proposed Directors, the Yu Ming Team, the Vendor and Allied Group, save for Mr. Warren Lee and the Yu Ming Team under the YM Subscription, each of them shall not and shall procure their respective associates not to acquire any Shares prior to the Resumption. Other than the entering into of the YM Subscription Agreement, none of Allied Group, Mr. Warren Lee and the YM Team and parties acting in concert with any of them has (i) acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company within the six months prior to the date of the YM Subscription Agreement and up to the date of this announcement; or (ii) dealt in the shares of the Company during the relevant period. In such regards, (i) the Proposed Directors (including Mr. Warren Lee) and their associates; (ii) the Yu Ming Team and their associates; and (iii) any of the associates and associated companies of Allied Group will not participate in the Public Offer and since they are not a Shareholder, they will not be entitled to the Preferential Offering.

Excluded Shareholders

The Public Offer Prospectus Documents to be issued in connection with the Public Offer and the Preferential Offering will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Liquidators, if necessary, will make enquiries as to whether the extension of the Preferential Offering to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange and details and results of such enquiries will be included in the Public Offer Prospectus. If, after making such enquiry, the Liquidators are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Reserved Shares to such Overseas Shareholders, the Preferential Offering will not be extended to such Overseas Shareholders. The Company will send the Public Offer Prospectus to the Excluded Shareholders for their information only, but will not send the Application Form to the Excluded Shareholders.

Further information in connection with the Public Offer and the Preferential Offering will be included in the Circular. As at the date of this announcement, the Company has not entered into any underwriting agreement.

Reasons for the Subscriptions, the New Placing and the Public Offer

The gross proceeds and net proceeds from the Public Offer are estimated to be approximately HK\$125.7 million and approximately HK\$123.2 million respectively. The Company intends to utilise the net proceeds from the Public Offer (i) as to approximately HK\$65.3 million for the settlement of the Acquisition Consideration; (ii) as to HK\$46 million for the repayment of the Cash Advance; and (iii) the balance of approximately HK\$11.9 million shall be retained as general working capital of the Enlarged Group.

Under the original structure of the Proposed Restructuring, it was intended that the Company would carry out the Former Placing and the Open Offer to fulfill the funding requirement of the Enlarged Group and to facilitate the transactions under the Resumption Proposal. In order to further enlarge the public shareholders base and to fortify Mr. Warren Lee and the Yu Ming Team's commitment to the continuing business development of the Enlarged Group, the structure of the Proposed Restructuring was modified such that upon completion of the Proposed Restructuring, (i) the interest of Ms. Chong in the Company would be approximately 45% (rather than 75% under the Former Placing) of the issued share capital of the Company; (ii) Mr. Warren Lee and the Yu Ming Team will be in aggregate interested in approximately 25% of the issued share capital of the Company; and (iii) the shareholder base of the Enlarged Group would be enlarged by new public Shareholders through the Public Offer while the interests of the existing Shareholders would remain unchanged as compared to the original structure of the Proposed Restructuring and their entitlement under the Open Offer were safeguarded through the Preferential Offering under the revised structure of the Proposed Restructuring. In case of the lapse of Ms. Chong's Subscription Agreement, the Company has entered into the New Placing Agreement with the Placing Agent for the placing of the 512,698,586 Subscription Shares not subscribed by Ms. Chong to Independent Placees to fulfill the funding requirements under the Proposed Restructuring. The interests of the existing Shareholders in the Company will not be affected by the replacement of the Ms. Chong's Subscription with the New Placing. In all circumstances, upon completion of the Proposed Restructuring, more than 25% of the issued share capital of the Company will be held by the public Shareholders.

In determining the fairness and reasonableness of the current subscription ratio, the Offer Price, the Subscription Price and the New Placing Price, the Liquidators had taken into account the funding requirement of the Enlarged Group as well as the need to set the Offer Price, which is equivalent to the Subscription Price and the New Placing Price, at a level acceptable to the Underwriter, the Subscribers and the Qualifying Shareholders. In view of the net deficit financial position which amounted to approximately HK\$944.3 million as at 30 June 2018 and the liquidation status of the Group as well as the Shares being in prolonged suspension, the closing price of the Shares on the Last Trading Day does not reasonably reflect the existing condition of the Company and the financial position of the Company could be considered as an exceptional circumstances under Rule 7.27B of the Listing Rules. Accordingly, the Liquidators consider it fair and reasonable for the Offer Price, the Subscription Price and the New Placing Price to be set at a relatively deep discount to the

historical trading prices of the Shares and the Subscriptions (or the YM Subscription and the New Placing in the event that the Ms. Chong's Subscription Agreement lapses) and the Public Offer carry a relatively significant theoretical dilution effect of approximately 71.8%.

Although the interests of the relevant Shareholders will be diluted as set out in the paragraph headed "Change in Shareholding Structure" below in the scenario if the relevant Qualifying Shareholders do not take up their Assured Entitlement in the Public Offer, the Liquidators consider that the Subscriptions (or the YM Subscription and the New Placing in the event that the Ms. Chong's Subscription Agreement lapses) and the Public Offer will broaden the capital base and shareholder base and strengthen the financial position of the Company so as to facilitate the Enlarged Group's long term development. The Liquidators are of the view that it is in the interest of the Company to raise additional capital by way of the Public Offer, which provided the Qualifying Shareholders opportunity under the Preferential Offering to participate in the future development of the Enlarged Group as well as increasing the public shareholder base of the Company, upon completion of all the transactions under the Proposed Restructuring at their own wish.

The Liquidators consider that the Subscriptions, the New Placing and the Public Offer, including the Preferential Offering, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

CHANGES IN SHAREHOLDING STRUCTURE

Assuming Ms. Chong will become the controlling shareholder of the Company following the completion of the Capital Reorganisation, the Subscriptions and the Public Offer, for illustrative purposes only, set out below are the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Capital Reorganisation; (iii) immediately after completion of the Capital Reorganisation and the Subscriptions; and (iv) immediately after the Capital Reorganisation, the Subscriptions and the Public Offer, assuming that (a) none of the Qualifying Shareholders take up their Assured Entitlement under the Preferential Offering (“**Scenario I**”); and (b) all of the Qualifying Shareholders take up their Assured Entitlement under the Preferential Offering in full (“**Scenario II**”):

Shareholders	As at the date of this announcement		Immediately after completion of the Capital Reorganisation		Immediately after completion of the Capital Reorganisation and the Subscriptions		Scenario I		Scenario II	
	Shares	%	New Shares	%	New Shares	%	New Shares	%	New Shares	%
Public Shareholders										
Public Shareholders under the Public Offer	-	-	-	-	-	-	241,705,083	21.3	91,440,303	8.1
Existing Public Shareholders	771,765,216	77.0	77,176,521	77.0	77,176,521	8.6	77,176,521	6.8	192,941,301	17.0
Sub-total	771,765,216	77.0	77,176,521	77.0	77,176,521	8.6	318,881,604	28.1	284,381,604	25.1
Ms. Chong	-	-	-	-	512,698,586	57.1	512,698,586	45.0	512,698,586	45.0
Mr. Warren Lee	-	-	-	-	227,250,000	25.3	227,250,000	19.9	227,250,000	19.9
Yu Ming Team	-	-	-	-	57,500,000	6.4	57,500,000	5.0	57,500,000	5.0
Perfect Gate Holdings Limited (Note 2)	230,000,000	23.0	23,000,000	23.0	23,000,000	2.6	23,000,000	2.0	57,500,000	5.0
Total	1,001,765,216	100	100,176,521	100	897,625,107	100	1,139,330,190	100	1,139,330,190	100

In the event the conditions to the Ms. Chong’s Subscription Agreement are not fulfilled, the Company has entered into the New Placing Agreement with the Placing Agent for the placing of the 512,698,586 Subscription Shares not subscribed by Ms. Chong to Independent Placees 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 New Placing. Set out below are the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Capital Reorganisation; (iii) immediately after completion of the Capital Reorganisation, the YM Subscription and the New Placing; and (iv) immediately after the Capital Reorganisation, the YM Subscription, the New Placing and the Public Offer under Scenario I and Scenario II.

Shareholders	As at the date of this announcement		Immediately after completion of the Capital Reorganisation		Immediately after completion of the Capital Reorganisation, the YM Subscription and the New Placing		Scenario I		Scenario II	
	Shares	%	New Shares	%	New Shares	%	New Shares	%	New Shares	%
Public Shareholders										
Public Shareholders under the Public Offer	-	-	-	-	-	-	241,705,083	21.3	91,440,303	8.1
Independent Placees	-	-	-	-	512,698,586	57.1	512,698,586	45.0	512,698,586	45.0
Existing Public Shareholders	771,765,216	77.0	77,176,521	77.0	77,176,521	8.6	77,176,521	6.8	192,941,301	17.0
Sub-total	771,765,216	77.0	77,176,521	77.0	589,875,107	65.7	831,580,190	73.1	797,080,190	70.1
Mr. Warren Lee	-	-	-	-	227,250,000	25.3	227,250,000	19.9	227,250,000	19.9
Yu Ming Team	-	-	-	-	57,500,000	6.4	57,500,000	5.0	57,500,000	5.0
Perfect Gate Holdings Limited (Note 2)	230,000,000	23.0	23,000,000	23.0	23,000,000	2.6	23,000,000	2.0	57,500,000	5.0
Total	1,001,765,216	100	100,176,521	100	897,625,107	100	1,139,330,190	100	1,139,330,190	100

Notes:

1. It is expected that completion of the Subscriptions (if the Ms. Chong's Subscription lapses, the YM Subscription and the New Placing) will take place after the Record Date. Therefore, each of the Subscribers and the Independent Placees shall not be the Qualifying Shareholders and will not be entitled to Assured Entitlement under the Preferential Offering.
2. Based on information as available to the Liquidators and the latest disclosure of interests filed by Perfect Gate Holdings Limited ("**Perfect Gate**") as at 7 December 2017, Perfect Gate is a company incorporated in the BVI, which is wholly owned by Gokeen Invest Limited, a company incorporated in the BVI and Gokeen Invest Limited is owned as to 25% by Xiong Ling, 25% by Chen Rong, 25% by Ng Wai Huen and 25% by Lee On Wai. On 30 August 2017, the Liquidators received a summons from Perfect Gate applying for an order to validate the proposed sale and purchase of the 230,000,000 Shares held by it to (i) Wisdom Link Group Limited as to 46,000,000 Shares; (ii) Treasure Forum Limited as to 46,000,000 Shares; (iii) Perfect Origin Investments Limited as to 46,000,000 Shares; (iv) Classic Sky Global Limited as to 46,000,000 Shares; and (v) True Masters Limited as to 46,000,000 Shares. Pursuant to information provided by Perfect Gate, each of Wisdom Link Group Limited, Treasure Forum Limited, Perfect Origin Investments Limited, Classic Sky Global Limited and True Masters Limited are companies incorporated in the BVI and are wholly owned by Yu Sau Lai. Such proposed sale and purchase of Shares had been validated by the court on 2 March 2018. Subject to the completion of the proposed sale and purchase (on which the Liquidators have not received any notice up to the date of this announcement), the relevant voting rights shall be exercisable by Wisdom Link Group Limited, Treasure Forum Limited, Perfect Origin Investments Limited, Classic Sky Global Limited and True Masters Limited (collectively, the "**Five Companies**") as the registered Shareholders. The Five Companies will become Public Shareholders upon completion of the Capital Reorganisation, the Subscriptions (if the Ms. Chong's Subscription lapses, the YM Subscription and the New Placing) and the Public Offer.

Ms. Chong, Mr. Warren Lee, the Yu Ming Team and parties acting concert with any of them are independent to and not acting in concert with each other and do not have any relationship with each of Perfect Gate and Yu Sau Lai. The Liquidators and each of the parties to the Acquisition Agreement, the Ms. Chong's Subscription Agreement, the YM Subscription Agreement, the New Placing Agreement and the Underwriting Agreement further confirms that neither Perfect Gate nor Yu Sau Lai is involved or interested in any of the respective agreements.

As illustrated in the tables above, immediately after completion of the Capital Reorganisation, the Subscriptions (if the Ms. Chong's Subscription lapses, the YM Subscription and the New Placing) and the Public Offer, the shareholding interest of the existing Public Shareholders will be diluted from approximately 77.0% as at the date of this announcement to (i) approximately 6.8% under Scenario I; and (ii) approximately 17.0% under Scenario II. The possible maximum dilution to the shareholdings of the existing Qualifying Shareholders if they elect not to subscribe for the Reserved Shares under the Preferential Offering will be approximately 91.2%. Nonetheless, in considering (i) the Company is placed into the third delisting stage and Resumption will only happen if the Proposed Restructuring is implemented; (ii) the Subscriptions (if the Ms. Chong's Subscription lapses, the YM Subscription and the New Placing) and the Public Offer form part of the Proposed Restructuring and the implementation of which are necessary for the Resumption; and (iii) the Preferential Offering allows the Qualifying Shareholders to continue to participate in the future development of the Enlarged Group upon completion of all the transactions contemplated under the Proposed Restructuring at their own wish, the Liquidators consider the possible dilution impact to the Shareholders as a result of the Subscriptions (if the Ms. Chong's Subscription lapses, the YM Subscription and the New Placing) and the Public Offer to be acceptable.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities involving issue of securities in the past twelve months before the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

Ordinary resolutions will be proposed at the EGM for the Shareholders to approve the Subscriptions, the New Placing and the Public Offer. As the Public Offer will increase the issued share capital of the Company by more than 50%, the Public Offer will be subject to the approval by the Independent Shareholders. To the best of the Liquidators' knowledge, information and belief, and having made all reasonable enquiries, as at the date of this announcement, the Company does not have controlling shareholder, and none of the Directors and the chief executives of the Company are interested in the Shares.

Since part of the net proceeds from the Subscriptions (in the case that the Ms. Chong's Subscription Agreement lapses due to conditions thereof not fulfilled, the YM Subscription and the New Placing) is intended to be used for settling the cash consideration under the Creditors' Scheme, Creditors are deemed to have material interests in the Subscriptions and the New Placing. Three Creditors are in aggregate interested in 2,252,000 Shares, representing approximately 0.2% of the issued

share capital of the Company as at the date of this announcement. As the Subscriptions (in the case that the Ms. Chong's Subscription Agreement lapses due to conditions thereof not fulfilled, the YM Subscription and the New Placing), the Public Offer and the Acquisition forms part of the transactions under the Proposed Restructuring and are inter-conditional, the Creditors and their associates and parties acting in concert with any of them who are Shareholders will be required to abstain from voting in the EGM in respect of the transactions contemplated under the Proposed Restructuring which includes the Creditors' Scheme, the Subscriptions, the New Placing, the Public Offer and the Acquisition.

IMPLICATIONS UNDER THE TAKEOVERS CODE

Whitewash Waiver

Upon the completion of the Subscriptions and the Public Offer, Ms. Chong will hold 512,698,586 New Shares, representing approximately 45.0% of the issued capital of the Company as enlarged by the Subscription Shares and the Offer Shares. As such, Ms. Chong would be required to make a mandatory general offer for all the issued shares of the Company (not already owned or agreed to be acquired by Ms. Chong and parties acting in concert with her) under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

Ms. Chong will make an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of at least 75% of the votes cast by the Independent Shareholders at the EGM by way of poll, in which those who are involved in or interested in the Creditors' Scheme, the Subscriptions and the Public Offer and/or the Acquisition shall abstain from voting on the relevant resolutions. As at the date of this announcement, there are three Creditors who are Shareholders and accordingly they and their associates and parties acting in concert with any of them shall abstain from voting on the relevant resolutions approving these matters. Ms. Chong and parties acting in concert with her do not own or control any Shares, convertible securities, warrants, options or derivatives in respect of any Shares as at the date of this announcement and will continue to be so until completion or lapse of the Ms. Chong's Subscription Agreement.

If the Whitewash Waiver is granted by the Executive and approved by at least 75% of the votes cast by the Independent Shareholders at the EGM by poll, Ms. Chong will not be required to make a mandatory offer which would otherwise be required as a result of the Ms. Chong's Subscription. The Executive may or may not grant the Whitewash Waiver. In the event that any conditions to the Ms. Chong's Subscription Agreement are not fulfilled, the Ms. Chong's Subscription Agreement shall lapse and the Company has entered into the New Placing Agreement with the Placing Agent for the New Placing of the 512,698,586 New Shares upon the lapse of the Ms. Chong's Subscription Agreement to Independent Placees (which may include Ms. Chong) 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 New Placing.

If (a) the Whitewash Waiver is granted by the Executive and approved by at least 75% of the votes cast by the Independent Shareholders at the EGM by poll; (b) the Licensing Department of the SFC grants the approval for the change in the substantial shareholder of Yu Ming to Ms. Chong; and (c) the Subscriptions are completed, the maximum potential holding of voting rights of the Company by Ms. Chong and parties acting in concert with her resulting from the subscription of the Subscription Shares will be approximately 45% of the voting rights of the Company.

Special Deal

As the proposed settlement of the indebtedness due to the Creditors, who are Shareholders, under the Creditors' Scheme is not extended to all the other Shareholders, the implementation of the Creditors' Scheme constitutes a special deal under Rule 25 of the Takeovers Code and therefore requires (i) consent by the Executive; (ii) the Independent Financial Adviser to publicly state in its opinion that the terms of the Creditors' Scheme are fair and reasonable; and (iii) approval by the Independent Shareholders at the EGM, in which the Creditors and their associates and parties acting in concert with any of them who are Shareholders will be required to abstain from voting on the relevant resolutions approving the Creditors' Scheme and the Special Deal. The Company will apply to the Executive for the consent to the Special Deal under Rule 25 of the Takeovers Code.

The Independent Financial Adviser

As stated in the Announcement, no independent board committee has been established to advise the Shareholders on the Open Offer and Beijing Securities Limited was appointed as the independent financial adviser to advise the Independent Shareholders in respect of the Open Offer. Due to the change in the structure of the Proposed Restructuring, Pelican Financial Limited is appointed as the Independent Financial Adviser and will advise the Independent Shareholders in respect of the Subscriptions, the Public Offer, the Whitewash Waiver and the Special Deal.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

Ms. Chong confirms that, as at the date of this announcement,

- (a) none of Ms. Chong and parties acting in concert with her owns or has control or direction over any Shares, rights over Shares, convertible securities, warrants, options or derivatives in respect of the Shares;
- (b) other than the entering into of the Placing Letter and the termination of the same, and the entering into of the Ms. Chong's Subscription Agreement, none of Ms. Chong and parties acting in concert with her has acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company within the six months prior to the date of the Ms. Chong's Subscription Agreement and up to the date of this announcement;
- (c) none of Ms. Chong and parties acting in concert with her has received any irrevocable commitment in relation to voting of the resolutions in respect of the Capital Reorganisation, the Subscriptions, the New Placing, the Creditors' Scheme, the Acquisition, the Public Offer,

the Whitewash Waiver, the Special Deal, the appointment of the Proposed Directors, the Change of Company Name, the adoption of New Share Option Scheme and the adoption of the Memorandum and Articles or any transactions contemplated thereunder at the EGM;

- (d) there is no outstanding derivative in respect of the securities of the Company which has been entered into by Ms. Chong and parties acting in concert with her;
- (e) there is no agreement, arrangement or understanding (whether by way of option, indemnity or otherwise) in relation to the securities of the Company and Ms. Chong and parties acting in concert with her which might be material to the Acquisition Agreement, the Subscription Agreements, the New Placing Agreement, the Public Offer, the Underwriting Agreement, the Whitewash Waiver, the Special Deal, the appointment of the Proposed Directors, the Change of Company Name, the adoption of New Share Option Scheme and the adoption of the Memorandum and Articles or any transactions contemplated thereunder;
- (f) there is no agreement or arrangement to which Ms. Chong and parties acting in concert with her is a party which relates to circumstances in which any of them may or may not invoke or seek to invoke a pre-condition or a condition to the Acquisition Agreement, the Subscription Agreements, the New Placing Agreement, the Public Offer, the Underwriting Agreement, the Whitewash Waiver, the Special Deal, the appointment of the Proposed Directors, the Change of Company Name, the adoption of New Share Option Scheme and the adoption of the Memorandum and Articles or any transactions contemplated thereunder, including any break fees being payable;
- (g) there is no agreement, arrangement or understanding entered into by Ms. Chong and parties acting in concert with her for the transfer, charge or pledge of any Shares or New Shares to any other persons; and
- (h) none of Ms. Chong and parties acting in concert with her has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

As at the date of this announcement, the Company was not aware that the Capital Reorganisation, the Subscriptions, the New Placing, the Creditors' Scheme, the Acquisition, the Public Offer, the Whitewash Waiver and the Special Deal give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Circular. The Company notes that the Executive may not grant the Whitewash Waiver and the Special Deal consent if the Capital Reorganisation, the Subscriptions, the New Placing, the Creditors' Scheme, the Acquisition, the Public Offer, the Whitewash Waiver and the Special Deal does not comply with other applicable rules and regulations.

As at the date of this announcement, the issued share capital of the Company comprises 1,001,765,216 Shares and the Company does not have any options, warrants or convertible securities in issue.

EXPECTED DATE OF DESPATCH OF THE CIRCULAR AND APPLICATION FOR WAIVER FROM STRICT COMPLIANCE WITH THE TAKEOVERS CODE

As disclosed in the Announcement, the Circular will be despatched to the Shareholders as soon as possible. Under Rule 8.2 of the Takeovers Code, the Company is required to despatch to Shareholders the Circular in respect of, amongst others, the Whitewash Waiver within 21 days from the date of publication of this announcement, that is, on or before 18 January 2019.

The Company has filed the New Listing Application and the Second New Listing Application with the Stock Exchange on 28 April 2017 and 6 November 2017 respectively. The Second New Listing Application has lapsed on 6 May 2018 and the Company filed the Third New Listing Application on 11 October 2018. As the Third New Listing Application is subject to the approval by the Listing Committee, it is expected that more time may be needed for the Stock Exchange to approve the Circular. As such, the Company will apply to the Executive pursuant to Rule 8.2 of the Takeovers Code for its consent to extend the time limit for the despatch of the Circular and the Company will make further announcement on the expected date of despatch of the Circular.

CONSENT TO EXCLUDE ALL DIRECTORS FROM THE RESPONSIBILITY STATEMENT

Pursuant to Rule 9.3 of the Takeovers Codes, all documents issued by the Company in relation to the Proposed Restructuring should state that all Directors jointly and severally accept full responsibility for the accuracy of information contained in the document and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the document have been arrived at after due and careful consideration and there are no other facts not contained in the document, the omission of which would make any statement in the document misleading.

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 & Young Transactions Limited were appointed as joint and several liquidators of the Company pursuant to an Order of the High Court. The Liquidators have taken into their custody, or under their control, all the affairs and the assets of the Company pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32, Laws of Hong Kong), and on the making of the winding-up order, all of the Directors' powers in relation to the Company ceased. Given the above and the Directors' inability to participate in matters relating to the Proposed Restructuring, the Company has applied to the Executive, and the Executive has granted consent pursuant to Rule 9.4 of the Takeovers Code to exclude all Directors from the responsibility statement given in all documents issued or to be issued by the Company in relation to the Proposed Restructuring.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange had been suspended since 1:00 p.m. on 18 September 2014 and will remain suspended until further notice.

The publication of this announcement does not indicate any decision or conclusion from the Stock Exchange nor warrant any approval from the Stock Exchange on the Resumption. Shareholders and potential investors should note that the Proposed Restructuring are subject to various conditions which may or may not be fulfilled, in particular, whether the Stock Exchange will allow the Acquisition and accompanying transactions to proceed. Therefore, such transactions may or may not materialise and the Resumption may or may not proceed.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used herein shall have the following meanings:

“Acquisition”	the conditional acquisition of the Sale Shares by the Company pursuant to the terms and conditions under the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement entered into among the Vendor, the Company and the Liquidators dated 24 August 2016 as amended and supplemented by the Supplemental Acquisition Agreement, the Second Supplemental Acquisition Agreement, the Third Supplemental Acquisition Agreement and the Fourth Supplemental Acquisition Agreement pursuant to which the Vendor conditionally agreed to sell and the Company conditionally agreed to purchase the Sale Shares
“Acquisition Completion”	completion of the Acquisition pursuant to the Acquisition Agreement
“Acquisition Consideration”	the total consideration of HK\$400 million payable by the Company to the Vendor for the Acquisition pursuant to the Acquisition Agreement
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Allied Group”	Allied Group Limited, a company incorporated in Hong Kong with limited liability on 15 December 1972, the shares of which are listed on the Main Board (stock code: 373)
“Announcement”	the announcement of the Company dated 17 May 2017 in relation to the Proposed Restructuring
“Application Forms”	the application forms that will be used in connection with the Public Offer
“Articles” or “Articles of Association”	the new articles of association of the Company proposed to be conditionally adopted at the EGM
“associate(s)”	has the meaning ascribed to it under the Listing Rules

“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
“Business Day”	a day (excluding Saturday, Sunday and public holidays) on which commercial banks are open for business in Hong Kong
“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 reorganisation of the share capital of the Company comprising the Capital Reduction, the Share Consolidation and the Increase in Authorised Share Capital, details of which are set out in the Announcement
“Cash Advance”	the cash advance made by the Vendor to the Company under the Supplemental Acquisition Agreement and the Third Supplemental Acquisition Agreement for the settlement of professional fees incurred by the Company
“Change in Board Lot Size”	the change in board lot size from 2,000 Shares to 5,000 New Shares with effect from Resumption
”Change of Company Name”	the proposed change of the English name of the Company from “China Agrotech Holdings Limited” to “Da Yu Financial Holdings Limited” and the adoption and registration of the Chinese name “大禹金融控股有限公司” as the dual foreign name of the Company
“Circular”	the circular relating to, among others, the Capital Reorganisation, the Subscriptions, the New Placing, the Public Offer, the Creditors’ Scheme, the Acquisition, the Whitewash Waiver, the Special Deal, the appointment of the Proposed Directors, the adoption of New Share Option Scheme, the Change of Company Name, and the adoption of the Memorandum and the Articles of Association, which is expected to be despatched to the Shareholders after the Third New Listing Application is approved
“close associate(s)”	has the meaning ascribed to it under the Listing Rules

“Company”	China Agrotech Holdings Limited (In Liquidation), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board (stock code: 1073)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Creditors”	collectively the creditors of the Company who have a claim against the Company as at the date on which the Creditors’ Scheme becomes effective (for the avoidance of doubt, shall not include the Vendor in respect of the Cash Advance)
“Creditors’ Scheme”	the scheme of arrangement to be entered into between the Company and the Creditors, subject to the approval by the Grand Court and the High Court, which will be implemented in the Cayman Islands and Hong Kong
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purposes of considering, and if thought fit, approving, among other matters, the Capital Reorganisation, the Subscriptions, the New Placing, the Public Offer, the Creditors’ Scheme, the Acquisition, the Whitewash Waiver, the Special Deal, the appointment of the Proposed Directors, the adoption of New Share Option Scheme, the Change of Company Name, and the adoption of the Memorandum and the Articles of Association
“Enlarged Group”	the Group immediately following Acquisition Completion and the Creditors’ Scheme becoming effective
“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 place or the requirements of the relevant regulatory body or stock exchange in such places
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time or any delegate of the Executive Director
“Former Placing”	the proposed placing of the Former Placing Shares, which subsequently replaced by the Subscriptions due to change of the structure of the Proposed Restructuring

“Former Placing Agreement”	the conditional placing agreement dated 3 November 2017 entered into between the Company and the Placing Agent in respect of the Former Placing, which was terminated on 28 December 2018 pursuant to the Termination Deed
“Former Placing Price”	HK\$0.52 per Former Placing Share, the price at which the Former Placing Shares are to be allotted and issued pursuant to the Former Placing Agreement
“Former Placing Shares”	888,888,889 New Shares falling to be allotted and issued pursuant to the Former Placing Agreement
“Fourth Supplemental Acquisition Agreement”	the fourth supplemental acquisition agreement dated 28 December 2018 entered into among the Vendor, the Company and the Liquidators in relation to the extension of the Long Stop Date and amendment of certain terms of the Acquisition Agreement
“GEM”	GEM operated by the Stock Exchange
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries, before Acquisition Completion and the Creditors’ Scheme becoming effective
“High Court”	the High Court of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Financial Adviser”	Pelican Financial Limited, a licensed corporation under the SFO authorised to carry out Type 6 (advising on corporate finance) regulated activity, the independent financial adviser to the Independent Shareholders in relation to the Subscriptions, the Public Offer, the Whitewash Waiver and the Special Deal
“Independent Placees”	the placees who and whose ultimate beneficial owners are Independent Third Parties and independent of the Vendor and its connected persons to be procured by the Placing Agent and/or the Underwriter under the Public Offer and the New Placing respectively

“Independent Shareholders”	Shareholders, other than (i) the Vendor, its close associates and parties acting in concert with it; (ii) the Creditors, their close associates and parties acting in concert with any one of them, (iii) Ms. Chong, her close associates and parties acting in concert with her; (iv) the Underwriter, its close associates and parties acting in concert with it; (v) Mr. Warren Lee, his close associates and parties acting in concert with him; (vi) the Yu Ming Team, their close associates and parties acting in concert with them; (vii) those who are involved in or interested in the Acquisition Agreement, the Subscription Agreements, the New Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and/or the Special Deal; and (viii) those who are required to abstain from voting under the Takeovers Code and the Listing Rules
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons as defined under the Listing Rules
“Last Trading Day”	18 September 2014, the last trading date before the Suspension
“Liquidators”	Messrs. Stephen Liu Yiu Keung and David Yen Ching Wai, the joint and several liquidators of the Company as ordered by the High Court on 17 August 2015
“Listing Committee”	the listing sub-committee of the directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2019 or such later date as the parties to the Acquisition Agreement may agree
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM
“Memorandum” or “Memorandum of Association”	the memorandum of association of the Company proposed to be conditionally adopted at the EGM
“Mr. Warren Lee”	Mr. Lee Wa Lun, Warren, the managing director of Yu Ming and a Proposed Director, also a subscriber under the YM Subscription
“Ms. Chong”	Ms. Chong Sok Un, M.H., the subscriber under the Ms. Chong 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 Listing Application”	the new listing application submitted by the Company on 28 April 2017 to the Stock Exchange relating to the Acquisition pursuant to the requirements and procedures set out in Chapters 8 and 9 of the Listing Rules
“New 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
“New Placing Agreement”	the conditional placing agreement dated 28 December 2018 entered into between the Company and the Placing Agent in respect of the New Placing
“New Placing Price”	HK\$0.52 per New Placing Share, the price at which the New Placing Shares are to be issued and allotted to the Independent Placees pursuant to the New Placing Agreement
“New Placing Shares”	512,698,586 New Shares falling to be allotted and issued pursuant to the New Placing Agreement
“New Share Option Scheme”	the new share option scheme of the Company proposed to be conditionally adopted by the Company at the EGM
”New Share(s)”	the ordinary share(s) of HK\$0.1 each in the capital of the Company immediately following the Share Consolidation becoming effective
“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)
“Open Offer”	the proposed open offer under the proposed restructuring of the Group as detailed in the Announcement, which was subsequently replaced by the Preferential Offering under the Public Offer
“Overseas Shareholder”	a Shareholder whose address as shown on the register of members of the Company on the Record Date is in a place outside Hong Kong

“Placing Letter”	the placing letter dated 3 November 2017 entered into between Ms. Chong and the Placing Agent in respect of the subscription of 854,497,642 Former Placing Shares, which was terminated on 28 December 2018 by the Placing Agent, upon the termination of the Former Placing pursuant to the Termination Deed
“PO Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) who are third parties independent of the Company, the Proposed Directors, the Vendor, Yu Ming, Ms. Chong, the Underwriter, Allied Group and their subsidiaries (where applicable) and their respective parties acting in concert, connected persons and close associates within the meaning of the Listing Rules before or immediately after completion of the Public Offer
“PRC” or “China”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Preferential Offering”	the preferential offering of the Offer Shares to the Qualifying Shareholders for subscription as Assured Entitlement under the Public Offer
”Proposed Director(s)”	the person(s) proposed to be appointed as Director(s) effective from Acquisition Completion or, as the case may be, Resumption
“Proposed Restructuring”	the proposed restructuring of the Group, which under current structure involving, among other things, the Capital Reorganisation, the Creditors’ Scheme, the Subscriptions, the New Placing (if applicable), the Public Offer and the Acquisition
“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
“Public Offer Prospectus Documents”	the Public Offer Prospectus and the Application Forms
“Public Shareholder(s)”	the Shareholder(s) that are public, with public having the meaning ascribed to it under the Listing Rules

“Qualifying Shareholder(s)”	the Shareholder(s) as at the Record Date other than the Excluded Shareholders
“Record Date”	the date by reference to which Assured Entitlement under the Preferential Offering are to be determined
“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
“Resumption”	the resumption of trading in the shares of the Company on the Main Board
“Resumption Proposal”	the resumption proposal dated 24 August 2016 submitted by the Company to the Stock Exchange, as varied and amended from time to time
“Sale Shares”	10,000,000 shares of HK\$1.00 each, being the entire issued share capital of Yu Ming as at the date of the Acquisition Agreement and on Acquisition Completion
“Second New Listing Application”	the new listing application submitted by the Company on 6 November 2017 to the Stock Exchange to renew the New Listing Application
“Share Consolidation”	the proposed consolidation of 10 issued shares of the Company immediately upon the Capital Reduction having become effective into one share
“Second Supplemental Acquisition Agreement”	the second supplemental acquisition agreement dated 13 November 2017 entered into among the Vendor, the Company and the Liquidators in relation to the amendment of, among others, the payment term of the Acquisition Consideration and the extension of the long stop date
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the share(s) of HK\$0.1 each in the share capital of the Company prior to the Capital Reorganisation
“Shareholder(s)”	the holder(s) of the share(s) of the Company from time to time

“SHK”	SHK Hong Kong Industries Limited, a company incorporated in Hong Kong with limited liability on 19 December 1989 and an indirect non-wholly owned subsidiary of Allied Group, the shares of which are listed on the Main Board (stock code: 666)
“Special Deal”	the proposed settlement of the indebtedness due to the Creditors, who are Shareholders, under the Creditors’ Scheme, which will constitute a special deal under Note 5 to Rule 25 of the Takeovers Code
“Sponsor”	Emperor Capital Limited, a licensed corporation under the SFO authorised to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, which is appointed by the Company as the sponsor for the New Listing Application
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively, Ms. Chong, Mr. Warren Lee and the Yu Ming Team
“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 by the Subscribers pursuant to the Subscription Agreements, and each a Subscription Share
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Supplemental Acquisition Agreement”	the supplemental acquisition agreement dated 7 February 2017 entered into among the Vendor, the Company and the Liquidators in relation to the amendment of certain terms of the Acquisition Agreement
“Suspension”	the suspension of trading in the Shares since 1:00 p.m. on 18 September 2014
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Shares Buybacks
“Termination Deed”	the deed of termination dated 28 December 2018 relating to the termination of the Former Placing Agreement

“Third New Listing Application”	the new listing application submitted by the Company on 11 October 2018 to the Stock Exchange to renew the New Listing Application
“Third Supplemental Acquisition Agreement”	the third supplemental acquisition agreement dated 2 October 2018 entered into among the Vendor, the Company and the Liquidators in relation to the amendment of, among others, the amount and timing of the Cash Advance, the conditions to the Acquisition Completion and the extension of the Long Stop Date
“Underwriter” or “Placing Agent”	Sun Hung Kai Investment Services Limited, a licensed corporation under the SFO authorised to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities
“Underwriting Agreement”	the underwriting agreement proposed to be entered into between the Company and the Underwriter in relation to the Public Offer (including the Preferential Offering)
“Underwritten Shares”	the total number of the Offer Shares, which are fully underwritten by the Underwriter pursuant to the Underwriting Agreement
“Untaken Reserved Shares”	Reserved Shares not taken up by the Qualifying Shareholders’ under the Assured Entitlement
“Whitewash Waiver”	a waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code to be granted by the Executive in respect of the obligations of Ms. Chong to make a mandatory general offer to the Shareholders in respect of all Shares and the securities of the Company not already owned or agreed to be acquired by her and parties acting in concert with her as a result of her subscription of the 512,698,586 Subscription Shares under the Ms. Chong’s Subscription Agreement
“Vendor”	Fine Era Limited, a company incorporated in the BVI with limited liability on 3 May 2007 and an indirect wholly-owned subsidiary of Allied Group
“YM Subscription”	the subscription of 284,750,000 the Subscription Shares by Mr. Warren Lee and the Yu Ming Team 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 Yu Ming Team in relation to the YM Subscription
“YM Subscription Shares”	284,750,000 New Shares in aggregate to be subscribed for by Mr. Warren Lee and Yu Ming Team pursuant to the YM Subscription Agreement

“Yu Ming”

Yu Ming Investment Management Limited (禹銘投資管理有限公司), a company incorporated in Hong Kong with limited liability on 4 July 1996 and a licensed corporation under the SFO authorised to carry out Type 1 (dealing in securities), Type 4 (advising in securities), Type 6 (advising in corporate finance) and Type 9 (asset management) regulated activities

“Yu Ming Team”

the employees of Yu Ming other than Mr. Warren Lee

For and on behalf of
CHINA AGROTECH HOLDINGS LIMITED
(In Liquidation)
Stephen Liu Yiu Keung
David Yen Ching Wai
Joint and Several Liquidators

Hong Kong, 28 December 2018

As at the date of this announcement, the executive Directors of the Company are Ms. Chen Xiao Fang, Mr. Zhang Liang and Mr. Xu Jiangtao, and the independent non-executive Director is Ms. Zhao Jianhua.

The Liquidators jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Vendor, Yu Ming and Ms. Chong) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

The information in relation to the Vendor and Yu Ming and parties acting in concert with any of them contained in this announcement has been supplied by the Vendor. As at the date of this announcement, the board of directors of the Vendor comprises Mr. Lo King Yau, Edwin and Mr. Li Chi Kong. The directors of the Vendor jointly and severally accept full responsibility for the accuracy of the information with regard to the Vendor and Yu Ming contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement with regard to the Vendor have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

The information in relation to Ms. Chong and parties acting in concert with her contained in this announcement has been supplied by Ms. Chong. Ms. Chong accepts full responsibility for the accuracy of the information with regard to her contained in this announcement and confirms, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this announcement with regard to her have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

* For identification purpose only