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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)

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

CAUSE NO: FSD 68 OF 2019

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

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

AND IN THE MATTER OF CHINA AGROTECH HOLDINGS LIMITED

**NOTICE PURSUANT TO PRACTICE DIRECTION
NO. 2 OF 2010, PARAGRAPH 3.1**

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

References are made to the announcements of China Agrotech Holdings Limited (the “**Company**”) dated 17 May 2017 and 28 December 2018 (the “**Announcements**”) respectively in relation to, amongst others, the proposed restructuring of the Company. Pursuant to the Order of the Grand Court of the Cayman Islands (the “**Grand Court**”) made on 19 September 2017, authorising Messrs. Yen Ching Wai David and Liu Yiu Keung Stephen to act for and on behalf of the Company for the purposes of, *inter alia*:

- (a) Presenting a petition for a scheme of arrangement (the “**Scheme**”) under section 86 of the Companies Law (2018 Revision) (the “**Law**”) between the Company and the Scheme Creditors (as defined in the Scheme Document mentioned below) and a petition for the reduction of the capital (the “**Capital Reduction**”) of the Company pursuant to section 15 of the Law (together the “**Petitions**”); and
- (b) To prosecute the Petitions including the taking of all steps necessary and/or required to progress the Scheme and to secure the alteration or otherwise deal with the capital structure of the Company in furtherance of the Scheme.

The Announcements can be accessed on the websites of The Stock Exchange of Hong Kong Limited and the Company at:

http://www.hkexnews.hk/listedco/listconews/advancedsearch/search_active_main.aspx

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

This is a notice (“**Notice**”) for the attention of persons who are a shareholder appearing on the Company’s register of members, a proving creditor or a member of the Company’s board of Directors (the “**Notified Class**”).

Introduction

On 16 April 2019, Messrs. Yen Ching Wai David and Liu Yiu Keung Stephen presented a petition to the Grand Court to sanction the Scheme and for confirmation of the Capital Reduction.

The resumption proposal, including the Scheme, in relation to the reorganisation of the Company and its subsidiaries will be achieved by:–

- a. the Acquisition (as defined in the Scheme Document) by the Company (as purchaser) from Fine Era Limited (as the “**Vendor**”) of the entire equity interest of Yu Ming Investment Management Limited (“**Yu Ming**”), for a total consideration of HK\$400,000,000, which will be satisfied by the Company by payment in cash to the Vendor within three days upon completion of the Acquisition;
- b. the capital reorganisation, comprising the Capital Reduction, share consolidation and increase in authorised share capital of the Company, to facilitate the issue of new shares under the Subscriptions (as defined in the Scheme Document), the Placing (as defined in the Scheme Document) and the Public Offer (defined below);
- c. the subscription of 512,698,586 new shares (the “**Subscription Shares**”) at HK\$0.52 per Subscription Share by Ms. Chong Sok Un (the “**Ms. Chong Subscription**”) or alternatively, if the Ms. Chong Subscription lapses, it will be replaced by the placing (the “**Placing**”) of 512,698,586 new shares (the “**Placing Shares**”) at HK\$0.52 per Placing Share to independent placees through a placing agent engaged by the Company. The fund raised under the Ms. Chong Subscription or the Placing will be approximately HK\$266,600,000, which will be used for the partial settlement of the consideration of the Acquisition and the settlement to be made to the creditors under the Scheme;
- d. the subscription of 227,250,000 Subscription Shares and 57,500,000 Subscription Shares at HK\$0.52 per Subscription Share by Mr. Lee Wa Lun Warren, the director of Yu Ming and the employees of Yu Ming (the “**YM Subscription**”, together with the Ms. Chong Subscription, the “**Subscriptions**”) to raise funds of approximately HK\$148,000,000 for the partial settlement of the consideration of the Acquisition and the settlement to be made to the creditors under the Scheme;

- e. the issue and offer of 241,705,083 new Shares (the “**Offer Shares**”) HK\$0.52 per Offer Share to the public of Hong Kong (the “**Public Offer**”) (including the preferential offering of 150,264,780 new Shares to the qualifying shareholders of the Company for subscription as their assured entitlement). The gross proceeds and the 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 settlement of the consideration of the Acquisition; and (ii) as to HK\$46 million for the repayment of the Cash Advance (as defined in the Scheme Document); (iii) as to approximately HK\$4.3 million for the settlement of professional fees relating to the Resumption; and (iv) the balance of approximately HK\$7.6 million shall be retained as general working capital of the Group immediately following Acquisition Completion and the Scheme becoming effective;
- f. the Company transferring cash proceeds of HK\$80,000,000 from the Subscriptions (or in case of the lapse of the Ms. Chong Subscription, the YM Subscription and the Placing) to the Scheme for the settlement of debts owed to the creditors; and
- g. the Vendor, or a party procured by the Vendor, providing the Cash Advance (as defined in the Scheme Document) to the Company in an aggregate amount of HK\$34,000,000 and an additional fund of HK\$12,000,000 to finance the professional fees to be incurred by the Company for the restructuring and the resumption of trading of its shares which will be settled by the proceeds from the Public Offer.

It is proposed that the Scheme will comprise:

- a. a cash payment of HK\$80,000,000, being partial proceeds from the Subscriptions (or in case of the lapse of the Ms. Chong Subscription, the YM Subscription and the Placing), will be transferred to the Scheme and held by a special vehicle held or nominated by the Scheme administrators for distribution to the creditors subject to adjudication; and
- b. the Company will transfer its claims, rights to claim, rights to any assets and the entire equity interests of the Excluded Companies (being all the Subsidiaries which are directly or indirectly held by the Company as at the latest practicable date) to a new company, a special vehicle to be held and controlled by the Scheme administrators, at a cash consideration of HK\$1. After such a transfer, dividends distributed by the Excluded Companies or recovery from the Excluded Companies, if any, will be distributed to the creditors subject to adjudication.

Capital Reduction

The nominal value of each Share in issue will be reduced from HK\$0.10 to HK\$0.01 by cancelling HK\$0.09 from the paid-up capital of each issued Share. The total credit of HK\$90,158,869.44 arising from the Capital Reduction will be credited to the capital reserve and applied to eliminate an equivalent amount of the accumulated losses of the Company.

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

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

For further details of the Scheme and Capital Reduction, please refer to the Announcements.

Notice of Directions Hearing

As part of the process of putting the Scheme and Capital Reduction into effect, the Company intends to make an application for directions for an order that, among other things:

- a. the Company be at liberty to convene a single meeting of Scheme Creditors (the "**Scheme Meeting**") for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme;
- b. directions as to the mode of delivery of an explanatory statement and proxy form to the Creditors;
- c. the appointment of a chairman of the Scheme Meeting and for the conduct of the Scheme Meeting generally;
- d. the preparation of a list of creditors be dispensed with;
- e. an enquiry as to the debt of and claims against the Company or as to any class or classes of such debts or claims be dispensed with.

The Scheme Meeting is a meeting convened at the direction of the Grand Court at which the Scheme (with or without modification) will be voted upon by the Scheme Creditors and that the preparation of a list of creditors be dispensed with.

NOTICE IS HEREBY GIVEN that on the question of whether or not the Grand Court should permit the Company to be at liberty to convene the Court Meeting in the manner proposed and dispense with the preparation of a list of creditors, the Notified Class are invited to:

- a) Make written representations in English to the Company at anita.so@ey.com by no later than 5:00 p.m. (Hong Kong time), April 29, 2019 to be put before the Grand Court; or
- b) Apply to the Grand Court to be heard at the Directions Hearing. If any person from the Notified Class wishes to be represented at the Directions Hearing, he/she/it should instruct his/her/its own Cayman Islands legal advisers, who will file a notice of appearance on his/her/its behalf.

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

Dated 23 April 2019

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
22/F CITIC Tower,
1 Tim Mei Avenue
Central
Hong Kong

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, namely Messrs. Stephen Liu Yiu Keung and David Yen Ching Wai, jointly and severally accept full responsibility for the accuracy of the information contained in this announcement 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.

* *For identification purpose only*