

IPO FACT SHEET
China Agrotech Holdings Limited (1073)
ISSUE STATISTICS

Offer Size:	HK\$125.7m
Placement Tranche:	241,705,083 shares
Price:	HK\$0.52
Board lot:	5,000
Entry fee:	HK\$2,626.20
Historical PE	16.41x
Net tangible asset per share:	HK\$0.003
Market Cap (post-IPO):	N/A
Open:	28 June 2019
Close:	12.00 noon on 19 July 2019
Trading:	26 Jul 2019
Sponsor:	Emperor Capital Limited

Year ended 31 Dec	(HKD'000)	yoy % chg
Revenue		
2017	73,515	22.4%
2018	59,577	-19.0%
Profit for the year		
2017	41,687	18.7%
2018	36,098	-13.4%

BACKGROUND

- On 9 February 2015, the Company was ordered by the High Court to be wound up. On 24 August 2016, the Company submitted the Resumption Proposal containing, among others, the Acquisition which constituted a very substantial acquisition and a reverse takeover for the Company under Chapter 14 of the Listing Rules, to the Stock Exchange.
- The Company filed and renewed the New Listing Application on 28 April 2017, 6 November 2017, 11 October 2018 and 11 April 2019. The Stock Exchange granted the in-principle approval to the New Listing Application and the despatch of the Circular on 24 April 2019 and the Circular was despatched on 27 April 2019.
- Pursuant to the Acquisition Agreement, the Company will acquire the entire share capital of Yu Ming at a consideration of HK\$400.0 million, which will be satisfied by the Company in cash within three days upon Acquisition Completion. Upon Acquisition Completion, Yu Ming will become a wholly-owned subsidiary of the Company.
- Yu Ming is a financial services provider engaged in the provisions of corporate advisory services and asset management services. For each of the three years ended 31 December 2018, revenue generated by Yu Ming's corporate finance advisory services amounted to approximately HK\$41.2 million, HK\$51.4 million and HK\$40.8 million, representing approximately 68.7%, 69.9% and 68.4% of Yu Ming's total revenue, respectively.
- As at the Latest Practicable Date, Yu Ming is an indirect wholly-owned subsidiary of Allied Group and is a licensed corporation under the SFO authorised to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities.
- The Company does not intend to continue the existing businesses of the Group after Resumption. The Excluded Companies, being all the existing subsidiaries of the Company, will be divested pursuant to the Creditors' Scheme.
- Immediately following Acquisition Completion and the Creditors' Scheme becoming effective, the Enlarged Group will only consist of the Company and Yu Ming. After Acquisition Completion, the Enlarged Group will be principally engaged in the provision of corporate finance advisory services and asset management services.

BUSINESS STRATEGIES OF YU MING

- Strengthening Yu Ming's corporate finance teams to maintain high quality corporate finance advisory services to its clients.
- Expansion of advisory work in relation to resumption of trading of securities of listed issuers on the Stock Exchange.

- Focus on performance under the New Management Agreement.

COMPETITIVE STRENGTHS OF YU MING

- Well-established business.
- Experienced team of professionals.
- Close and stable relationships with clients.
- Well-structured professional services.
- Efficient management structure.
- Focused services.

KEY RISKS

- Risks relating to the Acquisition, the Public Offer, the Subscriptions and the New Placing.
- Risks relating to the business and operations of Yu Ming.
- Risks relating to the industry in which Yu Ming operates.
- Risks relating to macroeconomics and political conditions.
- Risks associated with accuracy of third party data.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
As part of the Proposed Restructuring.	125.7	100%
Total:	125.7	100%

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