DA YU FINANCIAL HOLDINGS LIMITED
大禹金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1073)

ANNOUNCEMENT OF FINAL RESULTS FOR THE SIX-MONTH PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019

The board of Directors (the "Board") of Da Yu Financial Holdings Limited (the "Company") is pleased to announce its first audited results post completion of the successful restructuring of the Company, which brought the Company out of a provisional liquidation through the reverse takeover of Yu Ming Investment Management Limited ("Yu Ming") as approved by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Securities and Futures Commission (the "SFC"), and sanctioned by the courts of Hong Kong and Cayman Islands.

The consolidated net profit and the adjusted consolidated net profit of the Group of which Yu Ming has become the only subsidiary of the Company after the completion of aforesaid restructuring for the six-month period from 1 July 2019 to 31 December 2019 was approximately HK$842.3 million (as audited) and approximately HK$17.6 million (net of one-off gain and expenses from the restructuring) respectively. The business of Yu Ming revitalized the Group's operation while the net profit contributed by Yu Ming began a new chapter of the Group, bringing the Group back to profitability again since financial year ended 2013.

It should be noted that due to the historical mishaps of the Company before completion of the restructuring, significant books and records of the Company and its past subsidiaries (excluding Yu Ming) were missing and could not be located. As a consequence, and as common for listed companies coming out of a debt restructuring, auditors would issue disclaimer of opinion or qualified opinion in the first auditors' report after the completion of restructuring. In the case of the Company, the substantial one-off gain of approximately HK$844.9 million arising from the debt restructuring (because a substantial portion of the debts of the Group before restructuring was extinguished through the legal process) compelled the auditors of the Company to issue a disclaimer of opinion. Shareholders should note that the disclaimer of opinion is not related to the financial reporting of existing business and activities of the Group, which are undertaken solely through Yu Ming, a corporation licensed by the SFC to provide, inter alia, asset management and corporate finance services in Hong Kong.

The Board is proud of the successful resumption of trading of the Company's shares on the Stock Exchange on 26 July 2019 which recovered significant value for its past shareholders and creditors, and is excited about the future of the Group in the financial services sector, one of the pillars of Hong Kong's foundation.

The audited consolidated results of the Company and its subsidiary(ies) (the "Group") for the six-month period from 1 July 2019 to 31 December 2019, which have been agreed by the auditors of the Company, together with the comparative figures for the corresponding year ended 30 June 2019, are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six-month period from 1 July 2019 to 31 December 2019

	Notes	**Six-month period from 1 July 2019 to 31 December 2019** ***HK$'000***	Year ended 30 June 2019 *HK$'000*
Revenue	*5*	**46,793**	–
Other net income	*5*	**83**	–
Other net financial income		**556**	–
Employee benefit expense		**(14,105)**	–
Administrative and other expenses		**(12,154)**	(12,625)
Gain on debt restructuring	*6*	**844,894**	–
Restructuring expenses		**(20,132)**	–
Finance costs		**(177)**	(1,291)
Profit/(loss) before income tax	*7*	**845,758**	(13,916)
Income tax expense	*8*	**(3,424)**	–
Profit/(loss) and total comprehensive income/(expenses) for the period/year		**842,334**	(13,916)
Earnings/(loss) per share attributable to the owners of the Company (HK cents)	*9*		(restated)
– Basic		**83.92**	(13.89)
			(restated)
– Diluted		**83.92**	(13.89)

For illustration purpose only (Non-HKFRS Measures):

Profit and total comprehensive income for the period	**842,334**	–
Less: Gain on debt restructuring	**(844,894)**	–
Add: Restructuring expenses	**20,132**	–
Profit and total comprehensive income after adjusting net of restructuring gain and expenses from the restructuring for the six-month period from 1 July 2019 to 31 December 2019[(1)]	**17,572**	N/A

(1) The Company believes that the adjusted financial measures provide useful information to investors in understanding and evaluating the Group's consolidated statements of profit or loss in the same manner as they helped the Company's management, and that the Company's management and investors may benefit from referring to these adjusted financial measures in assessing the Group's financial and operating performance from period to period by eliminating impacts of items that the Group does not consider indicative of the Group's operating performance. However, the presentation of these non-HKFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with HKFRS. You should not view the adjusted results on a standalone basis or as a substitute for results under HKFRS.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	As at 31 December 2019 HK$'000	As at 30 June 2019 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**387**	–
Goodwill	*10*	**302,965**	–
Intangible assets	*11*	**97,746**	–
Right-of-use assets		**1,891**	–
Other assets		**50**	–
		403,039	–
Current assets			
Contract assets		**150**	–
Trade and other receivables, deposits paid and prepayments	*12*	**16,466**	174
Amount due from a related company		**4,902**	–
Financial assets at fair value through profit or loss ("FVPL")		**1,093**	–
Cash and cash equivalents		**39,875**	3,001
		62,486	3,175
Current liabilities			
Contract liabilities		**16,200**	–
Other payables and accrued expenses		**10,575**	35,764
Lease liabilities		**1,520**	–
Taxation payable		**4,191**	6,678
Borrowings		**–**	39,288
Corporate bonds		**–**	45,000
Amounts due to deconsolidated companies		**–**	136,097
Convertible bonds		**–**	701,099
		32,486	963,926
Net current assets/(liabilities)		**30,000**	(960,751)
Total assets less current liabilities		**433,039**	(960,751)

	Notes	As at 31 December 2019 HK$'000	As at 30 June 2019 HK$'000
Non-current liabilities			
Lease liabilities		**390**	–
Deferred tax liabilities		**16,128**	–
		16,518	–
Net assets/(liabilities)		**416,521**	(960,751)
EQUITY			
Equity attributable to the owners of the Company			
Share capital	*13*	**113,933**	100,177
Reserves		**302,588**	(1,060,928)
Total equity/(deficit)		**416,521**	(960,751)

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability on 9 September 1999. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Room 1801, 18th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong. The Company's shares are listed on the Stock Exchange.

The Company is an investment holding company and its subsidiary, Yu Ming (collectively referred to as the "Group") is a licensed corporation under the Hong Kong Securities and Futures Ordinance and principally engaged in activities including dealing in securities, advising on securities, advising on corporate finance and asset management.

2. BASIS OF PREPARATION AND PRESENTATION

Completion of the restructuring of the Group and resumption of trading in the shares of the Company

At the request of the Company, trading in shares of the Company had been suspended since 18 September 2014.

On 11 November 2014, a winding up petition against the Company was presented to the High Court of Hong Kong Special Administrative Region ("High Court"). 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 ("Liquidators") of the Company to take control the affairs of the Company.

Since then, the Liquidators had commenced restructuring the Company. On 24 August 2016, a resumption proposal had been submitted to the Stock Exchange seeking its approval for the resumption of trading in the shares of the Company. The resumption proposal included, inter alia, (i) a very substantial acquisition; (ii) capital reorganisation; (iii) subscription and new placing; (iv) public offer and (v) creditors' scheme (collectively the "Group's Restructuring"). Details of the Group's Restructuring are set out in the circular of the Company dated 27 April 2019. On 25 July 2019, the Group's Restructuring was completed and the Liquidators were discharged.

Upon the grant from the Stock Exchange, trading in the shares of the Company was resumed on 26 July 2019.

Pursuant to a resolution passed by the board of directors on 10 October 2019, the Company's financial year end was changed from 30 June to 31 December each year. Accordingly, the consolidated financial statements for the current period cover the six-month period from 1 July 2019 to 31 December 2019 whilst the comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover the twelve months from 1 July 2018 to 30 June 2019. The comparative information may not be comparable with amounts shown for the current period.

3. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

3.1 Adoption of new/revised HKFRSs – effective on 1 July 2019

In the current period, the Group has applied for the first time the following new/revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 July 2019.

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features and Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	Annual Improvements to HKFRSs 2015-2017 Cycle

The adoption of these new/revised HKFRSs has no significant impact on the Group's financial statements.

3.2 New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]

[1] Effective for annual periods beginning on or after 1 January 2020

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the Board so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

4. SEGMENT INFORMATION

The Group's reportable and operating segments are as follows:

(a) Corporate finance services, investment and others – provision of corporate finance advisory services including financial advisory services, services incidental to financial advisory, compliance advisory services, placing agency and/or underwriting services, investment business and others.

(b) Asset management services – provision of asset management services including investment advisory services.

Segment revenue and results

	Corporate finance services, investment and others *HK$'000*	**Asset management services** *HK$'000*	**Total** *HK$'000*
Year ended 30 June 2019			
External segment revenue and other income *(Note)*	–	–	–
Result			
Segment profit	–	–	–
Loss before income tax			–
For the six-month period from 1 July 2019 to 31 December 2019			
External segment revenue and other income *(Note)*	**38,067**	**9,365**	**47,432**
Result			
Segment profit	**17,267**	**3,729**	**20,996**
Gain on debt restructuring			**844,894**
Restructuring expenses			**(20,132)**
Profit before income tax			**845,758**

Note: Net financial income generated from proprietary trading included in external segment revenue and other income under corporate finance services, investment and others for the year ended 30 June 2019 and for the six-month period from 1 July 2019 to 31 December 2019 were Nil and HK$639,000 respectively.

Major customers information

Revenue from major customers, each of whom amounted to 10% or more of Group's revenue for the six-month period from 1 July 2019 to 31 December 2019, is set out below:

	Six-month period from 1 July 2019 to 31 December 2019	Year ended 30 June 2019
	HK$'000	*HK$'000*
Customer A[1]	**9,365**	–
Customer B[2]	**7,597**	–
Customer C[2]	**5,000**	–

1 Revenue from Customer A is attributable to asset management services.

2 Revenue from Customer B and C are attributable to corporate financial services, investment and others.

Geographic information

The Group's operations are mainly located in Hong Kong and all the Group's non-current assets are located in Hong Kong.

	Six-month period from 1 July 2019 to 31 December 2019	Year ended 30 June 2019
	HK$'000	*HK$'000*
Segment assets		
Corporate finance services, investment and others	**412,667**	–
Asset management services	**52,858**	–
Total assets	**465,525**	–
Segment liabilities		
Corporate finance services, investment and others	**30,123**	–
Asset management services	**2,206**	–
Total segment liabilities	**32,329**	–
Other payables and accrued expenses and taxation payables	**16,675**	–
Total liabilities	**49,004**	–

5. REVENUE

The revenue of the Group is derived from (i) advisory services, and (ii) asset management services.

All of the Group's revenue is derived from contracts with customers for the six-month period from 1 July 2019 to 31 December 2019.

Revenue of the Group recognised during the period/year is as follows:

(a) Disaggregation of revenue

	Six-month period from 1 July 2019 to 31 December 2019 *HK$'000*	Year ended 30 June 2019 *HK$'000*
Type of services		
Advisory services	**37,428**	–
Asset management services	**8,123**	–
Sundry income	**1,242**	–
	46,793	–
Type of customers		
Listed companies	**31,353**	–
Non-listed companies and others	**15,440**	–
	46,793	–
Timing of revenue recognition		
At a point in time	**23,190**	–
Transferred over time	**23,603**	–
	46,793	–

(b) Transaction price allocated to remaining performance obligations

As of 31 December 2019, the aggregate amount of the transaction price allocated to the performance obligation that is unsatisfied (or partially unsatisfied) is approximately HK$47,700,000. The Group expects to recognise the amount as revenue when the performance obligations are satisfied in coming 12 months, depending on the contract terms. The following table shows the time bands for remaining performance obligations to be satisfied.

	HK$'000
Remaining performance obligations expected to be satisfied during:	
the year ending 31 December 2020	47,700

(c) Other net income

	Six-month period from 1 July 2019 to 31 December 2019 ***HK$'000***	Year ended 30 June 2019 *HK$'000*
Exchange gain, net	**83**	–

6. GAIN ON DEBT RESTRUCTURING

The creditors' scheme under the Group's Restructuring (the "Creditors' Scheme") was approved by the requisite statutory majorities of the creditors at the meeting of Creditors' Scheme held on 5 July 2019. The Creditors' Scheme was also sanctioned by the Grand Court of Cayman Islands and High Court of Hong Kong on 16 July 2019 and 22 July 2019 respectively. Accordingly, the Creditors' Scheme became effective on 25 July 2019.

Pursuant to the Creditors' Scheme, the Company transferred its claims, rights to claim, rights to any assets and the entire equity interests of its subsidiaries (the "Subsidiaries") to the Creditors' Scheme on 25 July 2019, the effective date of the Creditors Scheme (the "Transfer"). Accordingly, the companies which were deconsolidated by the Group from 1 January 2014 (the "Deconsolidated Companies") and classified as financial assets at fair value through other comprehensive income were disposed through the Transfer. The major Deconsolidated Companies were shown below:–

(1) 福建浩倫農業科技集團有限公司Fujian Agrotech Holdings Co., Ltd*

(2) 福州浩倫作物科學有限公司Fuzhou Agrotech Crop Science Co., Ltd.*

(3) 福建浩倫生物工程技術有限公司Fujian Agrotech Bioengineering Co., Ltd.*

(4) 江西浩倫農業科技有限公司Jiangxi Haolun Agrotech Co., Ltd.*

(5) 湖南浩倫農業科技有限公司Hunan Haolun Agrotech Co., Ltd.*

(6) 江蘇浩倫農業科技有限公司Jiangsu Haolun Agrotech Co., Ltd.*

(7) 海南浩倫農業科技有限公司Hainan Haolun Agrotech Co., Ltd.*

(8) 山西天行若木生物工程開發有限公司Shanxi Astrowood Bioengineering Development Co., Ltd.*

(9) 濟南一農化工有限公司Jinan Yinong Chemical Co., Ltd.*

(10) 福建省三明市浩倫園藝植保有限公司Fujian Sanming Agrotech Landscaping and Plant Protection Co., Ltd.*

(11) 福建浩倫東方資源物產有限公司Fujian Agrotech Oriental Import and Export Co., Ltd.*

(12) 山東浩倫農業科技有限公司Shandong Haolun Agrotech Co., Ltd.*

* The English name is for identification purpose only

The Directors considered that Group lost control over the Deconsolidated Companies from 1 January 2014.

After the Transfer, dividend distributed by the Subsidiaries and the Deconsolidated Companies (hereinafter collectively referred to as the "Excluded Companies") or recovery from the Excluded Companies, if any, would be distributed to the creditors under the Creditors' Scheme (the "Scheme Creditors") subject to adjudication. In addition on the same date, a cash payment of HK$80,000,000, being partial proceeds from the Subscription and New Placing as defined on page 18 was transferred to the Creditors' Scheme and all the claims of the Scheme Creditors against, and liabilities of, the Company discharged and compromised in full other than the payables in relation to professional fees for the Group's Restructuring.

Therefore, a gain on debt restructuring under the Creditors' Scheme of approximately HK$844,894,000 (year ended 30 June 2019: Nil) was recognised during the six-month period from 1 July 2019 to 31 December 2019, being calculated as follows:

	Note	**Six-month period from 1 July 2019 to 31 December 2019** ***HK$'000***
Assets transferred pursuant to the Creditors' Scheme:		
Financial assets at fair value through other comprehensive income, representing equity interests in Excluded Companies		–
Cash	*(i)*	(80,959)
Liabilities discharged pursuant to the Creditors' Scheme:		
Other payables and accrued expenses		29,621
Borrowings		7,358
Corporate bonds		45,000
Taxation payables		6,678
Amounts due to Deconsolidated Companies		136,097
Convertible bonds		701,099
		925,853
Gain on debt restructuring		844,894

Note:

(i) Cash outflow arising from debt restructuring

	Six-month period from 1 July 2019 to 31 December 2019 ***HK$'000***
Cash payment to the Creditors' Scheme	**80,959**

7. PROFIT/(LOSS) BEFORE INCOME TAX

	Six-month period from 1 July 2019 to 31 December 2019	Year ended 30 June 2019
	HK$'000	*HK$'000*
Profit/(loss) before income tax is arrived at after charging:		
Amortisation on intangible assets	**6,303**	–
Auditor's remuneration	**490**	450
Depreciation of		
– Owned property, plant and equipment	**88**	–
– Right-of-use assets	**756**	–
Employee benefit expense (including directors' emoluments)	**14,105**	–
Interest on lease liabilities	**46**	–
Impairment losses on trade receivables	**149**	–

8. INCOME TAX EXPENSE

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the 'Bill') which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime (the "Regime"), the first HK$2 million of profits of qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the Regime will be continued to be taxed at a flat rate of 16.5%.

The Regime only allows a group of connected entities to nominate one entity to apply the reduced tax rate for a given year of assessment. The others would not qualify for the two-tiered profits tax rates.

For the six-month period from 1 July 2019 to 31 December 2019, Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits of the subsidiary of the Company and at 16.5% on the estimated assessable profits above HK$2 million of that subsidiary. For the year ended 30 June 2019, no Hong Kong profits tax was provided as the Group had no estimated assessable profits.

	Six-month period from 1 July 2019 to 31 December 2019	Year ended 30 June 2019
	HK$'000	*HK$'000*
Current tax		
– Hong Kong profits tax	**4,464**	–
Deferred tax	**(1,040)**	–
Total income tax expense	**3,424**	–

Reconciliation between income tax expense and accounting profit/(loss) at applicable tax rates is as follows:

	Six-month period from 1 July 2019 to 31 December 2019	Year ended 30 June 2019
	HK$'000	*HK$'000*
Profit/(loss) before income tax	**845,758**	(13,916)
Tax calculated at the applicable Hong Kong profits tax rates (2018: 16.5%)	**139,550**	(2,296)
Income tax at concessionary rate	**(165)**	–
Tax effect of non-taxable income	**(139,780)**	–
Tax effect of non-deductible expenses	**3,501**	2,296
Tax effect of temporary differences not recognised	**(58)**	–
Tax effect of unused tax losses not recognised	**376**	–
Income tax expense	**3,424**	–

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The calculation of basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	Six-month period from 1 July 2019 to 31 December 2019	Year ended 30 June 2019
	HK$'000	*HK$'000*
Earnings/(loss) for the purpose of basic and diluted loss per share	**842,334**	(13,916)
Weighted average number of ordinary shares		(restated)
Weighted average number of ordinary shares used in calculating basic and diluted profit/(loss) per share	**1,003,788,407**	(100,176,521)

The weighted average number of ordinary shares for the year ended 30 June 2019 was restated to reflect the Capital Reduction (Note 13) and the Share Consolidation (Note 13) completed on 25 July 2019.

There were no dilutive potential ordinary share in issue for the six-month period from 1 July 2019 to 31 December 2019 and for the year ended 30 June 2019. Accordingly, the diluted earnings/(loss) per share presented are the same as the basic earnings/(loss) per share.

10. GOODWILL

The amount of goodwill capitalised as an asset, arising from acquisition of a subsidiary, is as follows:

	HK$'000
At 1 July 2018, 30 June 2019 and 1 July 2019	–
Additions through acquisition of a subsidiary	302,965
At 31 December 2019	302,965
Accumulated impairment	
At 1 July 2018, 30 June 2019, 1 July 2019 and 31 December 2019	–
At 31 December 2019	302,965

11. INTANGIBLE ASSETS

	Investment management agreement	**Backlog**	**Trade name**	**SFC licenses**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Cost					
At 1 July 2018, 30 June 2019 and 1 July 2019	–	–	–	–	–
Additions through acquisition of a subsidiary	15,560	15,705	69,044	3,740	104,049
At 31 December 2019	15,560	15,705	69,044	3,740	104,049
Amortisation and impairment					
At 1 July 2018, 30 June 2019 and 1 July 2019	–	–	–	–	–
Amortisation	2,683	2,181	1,439	–	6,303
At 31 December 2019	2,683	2,181	1,439	–	6,303
Carrying amount					
At 30 June 2019	–	–	–	–	–
At 31 December 2019	12,877	13,524	67,605	3,740	97,746

12. TRADE AND OTHER RECEIVABLES, DEPOSITS PAID AND PREPAYMENTS

	As at 31 December 2019	As at 30 June 2019
	HK$'000	*HK$'000*
Current Asset		
Trade receivables *(Note)*	**15,672**	–
Other receivables	**164**	–
Prepayments	**289**	174
Rental and utility deposits	**341**	–
	16,466	174

Note: The Group normally applies credit terms to its customers according to industry practice together with consideration of their creditability, repayment history and years of establishment. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management.

The Board considers that the fair values of trade and other receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

The ageing analysis of Group's trade receivables as at the reporting date, based on invoice dates, is as follows:

	As at 31 December 2019	As at 30 June 2019
	HK$'000	*HK$'000*
Within 30 days	**7,174**	–
Over 30 days but within 60 days	**6,413**	–
Over 60 days but within 90 days	**296**	–
Over 90 days but within 365 days	**1,333**	–
Over 365 days	**456**	–
	15,672	–

At each reporting date, the Group reviews trade receivables for evidence of impairment on both individual and collective basis.

As at 31 December 2019, loss allowances of HK$149,000 were made against the gross amount of trade receivables.

Movement in the loss allowances amount in respect of trade receivables during the six-month period from 1 July 2019 to 31 December 2019 and year ended 30 June 2019 is as follows:

	Six-month period from 1 July 2019 to 31 December 2019	Year ended 30 June 2019
	HK$'000	*HK$'000*
Balance at 1 July 2019/2018	**–**	–
Expected credit losses recognised during the period/year	**149,000**	–
Balance at 31 December 2019/30 June 2019	**149,000**	–

13. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Authorised:		
Ordinary shares of HK$0.10 each		
At 1 July 2018, 30 June 2019 and 1 July 2019	3,000,000,000	300,000
Increase in authorised share capital *(Note (i))*	7,000,000,000	700,000
At 31 December 2019	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 July 2018, 30 June 2019 and 1 July 2019	1,001,765,216	100,177
Capital Reorganisation *(Note (i))*	(901,588,695)	(90,159)
Issue of shares pursuant to Subscription *(Note (ii))*	284,750,000	28,475
Issue of shares pursuant to New Placing *(Note (ii))*	512,698,586	51,270
Issue of shares pursuant to Public Offer *(Note (ii))*	241,705,083	24,170
At 31 December 2019	1,139,330,190	113,933

Notes:

(i) On 25 July 2019, a Capital Reorganisation (as defined below) became effective, pursuant to a special resolution passed in the Company's extraordinary general meeting on 22 May 2019, in which,

a. the nominal value of each share of the Company (the "Share(s)") in issue was reduced from HK$0.10 to HK$0.01 (the "Reorganised Share(s)") by cancelling HK$0.09 from the paid-up capital of each issued Share, with each such Reorganised Shares treated as one fully paid new share with a par value of HK$0.01 (the "Capital Reduction");

b. every ten (10) Reorganised Shares of HK$0.01 each in the issued share capital of the Company immediately after the Capital Reduction were consolidated (the "Share Consolidation") into one (1) new share of HK$0.10 each (the "New Share(s)"), the total number of New Shares in the issued share capital of the Company immediately following the Share Consolidation were rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which arose from the Share Consolidation;

c. the entire amount standing to the credit of the share premium account, convertible bond equity reserve and warrant reserve of the Company on 25 July 2019 was applied to eliminate an equivalent amount of the accumulated losses of the Company;

d. the authorised share capital of the Company was increased from HK$300,000,000 Shares divided into 3,000,000,000 to HK$1,000,000,000 divided into 10,000,000,000 New Shares of HK$0.10 (the "Authorised Capital Increase" and together with the Capital Reduction and the Share Consolidation, the "Capital Reorganisation"); and

e. the credit arising from the Capital Reduction was transferred to the contributed surplus account of the Company and was applied to eliminate an equivalent amount of the accumulated losses of the Company.

(ii) Subscription and new placing

On 28 December 2018, the Company entered into a subscription agreement with Mr. Lee Wa Lun, Warren and certain employees of Yu Ming (collectively "Subscribers") for the subscription (the "Subscription") of a total of 284,750,000 new ordinary shares of the Company. On 25 July 2019, the Subscription has taken place and Subscription shares have been allotted and issued to Subscribers at a price of HK$0.52 per share. The Company received a net proceeds from the Subscription of approximately HK$148,070,000, comprising share capital of HK$28,475,000 and share premium of HK$119,595,000.

On 28 December 2018, the Company entered into a new placing agreement with Sun Hung Kai Investment Services Limited for the placing of 512,698,586 new ordinary shares ("New Placing Shares"). On 25 July 2019, all New Placing Shares have been allotted and issued to several independent third parties at a price of HK$0.52 per share ("New Placing"). Net proceeds of approximately HK$263,917,000 were raised, comprising share capital of HK$51,270,000 and share premium of HK$212,647,000, net of share issue expenses of approximately HK$2,686,000.

Public offer

On 28 June 2019, the Company proposed to made a public offer of 241,705,083 offer shares at the offer price of HK$0.52 per share. Subsequently, in July 2019, the Company has allotted 211,173,614 offer shares to the public and 30,531,469 offer shares as reserved shares to the qualifying shareholders under the preferential offering (as detailed in the Prospectus of Company dated 28 June 2019 and announcement of allotment results dated 25 July 2019), at the offer price of HK$0.52 per offer share. Net proceeds of approximately HK$122,951,000 were raised, comprising share capital of HK$24,170,000 and share premium of HK$98,781,000, net of share issue expenses of approximately HK$2,736,000.

14. BUSINESS ACQUISITION

On 25 July 2019, the Group acquired 100% of the equity interests of Yu Ming, a company whose principal activities are dealing in securities, advising on securities, advising on corporate finance and asset management. The acquisition was made with the aims to expand the Group's business. The transaction was satisfied in form of cash consideration of HK$400,000,000.

The fair value of identifiable assets and liabilities of the acquiree as at the date of acquisition were:

	HK$'000
Property, plant and equipment	473
Intangible assets	104,049
Right-of-use assets	2,647
Other assets	50
Contract assets	96
Trade and other receivables, deposits paid and prepayments	8,371
Financial assets at FVPL	709
Amount due from a related company	4,074
Taxation recoverable	273
Cash and cash equivalents	12,807
Contract liabilities	(15,183)
Other payables and accrued expenses	(1,516)
Lease liabilities	(2,647)
Deferred tax liabilities	(17,168)
Fair value of net assets acquired	97,035
Cash consideration	(400,000)
Goodwill	302,965
Cash flow:	
Cash payment	400,000
Cash and cash equivalents acquired	(12,807)
Net cash outflow arising from acquisition	387,193

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2019

The following is an extract from the independent auditor's report on the Group's consolidated financial statements for the six-month period from 1 July 2019 to 31 December 2019 issued by the Company's auditor:

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

1. Deconsolidation of companies

As set out in Note 11 to the Company's consolidated financial statements for the six-month period from 1 July 2019 to 31 December 2019 ("December 2019 Consolidated Financial Statements"), the Group lost control over certain companies from 1 January 2014 and therefore the Group deconsolidated those companies ("Deconsolidated Companies"). Upon the deconsolidation, the Group's investments in the Deconsolidated Companies were recognised as available-for-sale investments and measured at fair value in accordance with Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement". The directors of the Company considered the fair value of the investments was of HK$0 upon initial recognition on 1 January 2014. The Group's investments in the Deconsolidated Companies were reclassified as financial assets at fair value through other comprehensive income on 1 July 2018 upon adoption of Hong Kong Financial Reporting Standard 9 "Financial Instruments" ("HKFRS 9"). The directors assessed the fair value of the investments was HK$0 on 1 July 2018, 30 June 2019 and 25 July 2019.

Pursuant to the creditors' scheme under the Group's restructuring (the "Creditors' Scheme"), as detailed in Note 11 to the Company's December 2019 Consolidated Financial Statements, the Group has effectively disposed of its entire interests in the Deconsolidated Companies on 25 July 2019.

Due to limitations on their scope of work on the Group's conclusion of loss of control over the Deconsolidated Companies and other audit scope limitations, the predecessor auditor of the Company disclaimed their audit opinion on the Company's consolidated financial statements for the year ended 30 June 2019 ("June 2019 Consolidated Financial Statements"). The limitation on audit work on the Group's conclusion of loss of control remained unresolved in our audit of the Company's December 2019 Consolidated Financial Statements.

The directors of the Company did not provide us with their assessment details and related supportings as the basis for their conclusion that the Group had no control over the Deconsolidated Companies since 1 January 2014. The Company also did not provide us with their assessment details such as valuation method and key assumptions in their estimation of the fair value of the Group's investments in the Deconsolidated Companies as at 1 July 2019 and 25 July 2019. There were no alternative procedures that we can perform to satisfy ourselves that the Group's conclusion of its loss of control over those companies since 1 January 2014 was appropriate and the carrying amount of the Group's investments in the Deconsolidated Companies was fairly stated as at 1 July 2019 and 25 July 2019.

Any adjustments found necessary might have effect on the Group's consolidated financial position as at 1 July 2019 and on its consolidated statement of profit or loss and other comprehensive income and presentation in the consolidated statement of cash flows for the six-month period from 1 July 2019 to 31 December 2019 and the respective disclosures, including the segment information and the related party disclosures, in December 2019 Consolidated Financial Statements. Our audit opinion on the December 2019 Consolidated Financial Statements is also modified for the possible effects of the predecessor auditor's disclaimer of audit opinion on June 2019 Consolidated Financial Statements on the comparability of the current period's figures and the corresponding figures.

The Group's investments in the Deconsolidated Companies, together with other assets and liabilities were effectively disposed of on 25 July 2019 under the Creditors' Scheme. Any adjustment to the carrying amount of these investments as at 25 July 2019 would have impact on the Group's gain on the disposal. Details are in Point 4 of this report.

2. Convertible bonds

As at 30 June 2019, the carrying amounts of the liability component of the convertible bonds issued by the Company and the convertible bond equity reserve were HK$701,099,000 and HK$164,169,000, respectively. As set out in Note 11 and Note 31(i)c to the December 2019 Consolidated Financial Statements, upon the effective of the Creditors' Scheme and the Company's capital reorganisation ("Capital Reorganisation") on 25 July 2019, the Group's obligation under the convertible bonds were discharged. On 25 July 2019, the carrying amount of the liability component of HK$701,099,000 was derecognised and the carrying amount of the convertible bonds equity reserve of HK$164,169,000 was transferred to the Group's accumulated losses.

The predecessor auditor of the Company was not able to obtain sufficient appropriate audit evidence to satisfy themselves as to whether the carrying amounts of the liability component and the equity reserve of the convertible bonds as at 30 June 2019 have been appropriately accounted for in the June 2019 Consolidated Financial Statements. Together with other matters, the predecessor auditor of the Company disclaimed their audit opinion on the June 2019 Consolidated Financial Statements.

The predecessor auditor's limitation in audit work on the convertible bonds remained unresolved in our audit of the Company's December 2019 Consolidated Financial Statements. In our audit of the December 2019 Consolidated Financial Statements, the directors of the Company did not provide us with the supporting documents related to the convertible bonds and the details of the assessment and measurement of the liability component and the equity reserve of the convertible bonds. There were no alternative procedures that we can perform to satisfy ourselves that the liability and equity balances of the convertible bonds as at 1 July 2019 and 25 July 2019 were free from material misstatement.

Any adjustments to the carrying amounts of the liability component of the convertible bonds issued by the Company and the convertible bond equity reserve as at 1 July 2019 and 25 July 2019 found necessary would have an impact on the Group's consolidated statement of profit or loss and other comprehensive income and presentation in the consolidated statement of cash flows for the six-month period from 1 July 2019 to 31 December 2019 and the respective disclosures included in the December 2019 Consolidated Financial Statements. Our audit opinion on the Company's December 2019 Consolidated Financial Statements is also modified for the possible effects of the predecessor auditor's disclaimer of audit opinion on June 2019 Consolidated Financial Statements on the comparability of the current period's figures and the corresponding figures.

The Group's convertible bonds, together with other assets and liabilities of the Group were effectively disposed of on 25 July 2019 under the Creditors' Scheme. Any adjustments to the carrying amounts of the liability component and the equity reserve of the convertible bonds as at 25 July 2019 would have impact on the Group's gain on the disposal. Details are in Point 4 of this report.

3. Limitation of scope of work on certain liabilities

Listed below were the balances of certain liabilities of the Group as at 30 June 2019 (Liabilities Group A).

	HK$'000
Accruals and other payables	27,618
Borrowings	7,358
Corporate bonds	45,000
Taxation payable	6,678
Amounts due to Deconsolidated Companies	136,097

The predecessor auditor of the Company had limitations on their audit work on Liabilities Group A as at 30 June 2019. Together with other matters, the predecessor auditor of the Company disclaimed their audit opinion on the June 2019 Consolidated Financial Statements. The predecessor auditor's limitations on audit work on Liabilities Group A remained unresolved in our audit of the Company's December 2019 Consolidated Financial Statements.

In our audit of the December 2019 Consolidated Financial Statements, the directors of the Company were unable to provide us with the details and related supportings of Liabilities Group A and certain other liabilities of the Group included in accruals and other payables with carrying amounts of approximately HK$2,003,000 as at 1 July 2019 and 25 July 2019 (together with Liabilities Group A, refer to as "Liabilities Group B"). There were no alternative procedures that we could perform to satisfy ourselves as to whether the carrying amounts of Liabilities Group B as at 1 July 2019 and 25 July 2019 were free from material misstatement.

Any adjustments to the carrying amounts of Liabilities Group B as at 1 July 2019 and 25 July 2019 found necessary might impact the Group's consolidated statement of profit or loss and other comprehensive income and presentation in the consolidated statement of cash flows for the six-month period from 1 July 2019 to 31 December 2019 and the respective disclosures included in the December 2019 Consolidated Financial Statements. Our audit opinion on the Company's December 2019 Consolidated Financial Statements is also modified for the possible effects of the predecessor auditor's disclaimer of audit opinion on June 2019 Consolidated Financial Statements on the comparability of the current period's figures and the corresponding figures.

Liabilities Group B, together with other assets and liabilities of the Group were effectively disposed of on 25 July 2019 under the Creditors' Scheme. Any adjustments to the carrying amount of Liabilities B as at 25 July 2019 would have impact on the Group's gain on the disposal. Details are in Point 4 of this report.

4. Gain on debt restructuring

Pursuant to the Creditors' Scheme as detailed in Note 11 to the December 2019 Consolidated Financial Statements, on 25 July 2019, the Company transferred to scheme companies (a) the convertible bonds mentioned in Point 2, (b) Liabilities Group B mentioned in Point 3, (c) its investments in the Deconsolidated Companies mentioned in Point 1, (d) its entire equity interest in all the subsidiaries and (e) a cash payment of HK$80,959,000.

Upon effective of the Creditors' Scheme, the Group's liabilities under items (a) and (b) were discharged and its ownership of items (c) and (d) was lost. As a result of the debt restructuring, the Group recognised a gain of approximately HK$844,894,000.

Due to the limitations on our scope of work as mentioned in Points 1 to 3 above, we are unable to satisfy ourselves as to whether the gain on debt restructuring was fairly stated. Any adjustments to the carrying amounts of items (a) to (c) as at 25 July 2019 would have impact on the gain on debt restructuring and the related disclosures included in the December 2019 Consolidated Financial Statements.

5. Warrant reserve

As at 30 June 2019, the Group's warrant reserve amounted to HK$449,000. As set out in Note 31(i)c to the December 2019 Consolidated Financial Statements, upon the effective of the Capital Reorganisation on 25 July 2019, the entire amount standing to the credit of the warrant reserve account of HK$449,000 was applied to eliminate an equivalent amount of the accumulated losses of the Group.

The predecessor auditor of the Company had limitation in their scope of work on the warrant reserve as at 30 June 2019. Together with other matters, the predecessor auditor of the Company disclaimed their audit opinion on the June 2019 Consolidated Financial Statements.

The predecessor auditor's limitation of scope of work remained unresolved in our audit of the December 2019 Consolidated Financial Statements. The directors of the Company were unable to provide us with the warrants issue documents. There were no alternative procedures that we could perform to provide us sufficient appropriate audit evidence on the accounting for the issue of warrants including measurement of the warrant reserve as at 1 July 2019 and 25 July 2019.

Any adjustments to the Company's accounting for the issue of warrants, including the measurement of the warrants reserve, that are necessary might impact on the Group's consolidated statement of profit or loss and other comprehensive income and presentation in the consolidated statement of cash flows for the six-month period from 1 July 2019 to 31 December 2019 and the respective disclosures included in the December 2019 Consolidated Financial Statements. Our audit opinion on the December 2019 Consolidated Financial Statements is also modified for the possible effects of the predecessor auditor's disclaimer of opinion on June 2019 Consolidated Financial Statements on the comparability of the current period's figures and the corresponding figures.

6. Comparative information

The predecessor auditor of the Company did not express an audit opinion on the Company's June 2019 Consolidated Financial Statements due to matters mentioned in Point 1 to Point 3 and Point 5 above and limitations of scope of audit procedures on the balances with related parties of the Group as at 30 June 2019, existence and completeness of the disclosures of commitments, contingent liabilities and related party transactions and accuracy and completeness of the disclosures in relation to the financial risk management, share option scheme and statement of financial position of the Company included in the June 2019 Consolidated Financial Statements. In our audit of the December 2019 Consolidated Financial Statements, the predecessor auditor's limitation on audit procedures detailed in this point remain unresolved. Our opinion on the Company's December 2019 Consolidated Financial Statements is also modified because of the possible effect of these matters on the comparability of the figures and disclosures of the current period and the preceding period.

THE VIEW OF THE MANAGEMENT OF THE COMPANY, THE AUDIT COMMITTEE AND THE BOARD ON THE AUDITORS' OPINION

As disclosed in section headed "Extract of Independent Auditor's Report on the Group's Consolidation Financial Statements for the six-month period from 1 July 2019 to 31 December 2019" on pages 20 to 24 of this announcement, the auditors of the Company issued a disclaimer of opinion on the consolidated financial statements of the Group for the six-month period from 1 July 2019 to 31 December 2019 in relation to (1) deconsolidation of companies; (2) convertible bonds; (3) limitation of scope of work on certain liabilities; (4) gain on debt restructuring; (5) warrant reserve; and (6) comparative information (collectively, the "Audit Modifications").

It should be noted that the Audit Modifications were related to the financial information on or before completion of the Group's Restructuring which took place on 25 July 2019.

As advised by BDO Limited ("BDO"), the independent auditors of the Company, the Group's financial information of the corresponding period (six-month period from 1 July 2019 to 31 December 2019) will be required to be disclosed as comparative figures ("2019 Comparative Figures") in the consolidated financial statements of the Group for the year ending 31 December 2020. BDO expects to issue qualified opinion on the Group's consolidated financial statements for the year ending 31 December 2020 on the comparability of the related 2019 Comparative Figures and current year's figures in the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the respective disclosures of the consolidated financial statements for the year ending 31 December 2020 arising from the audit scope limitations on the audit of consolidated financial statements for the six-month period from 1 July 2019 to 31 December 2019. In addition, since there will be no 2019 Comparative Figures contained in the consolidated financial statements for the year ending 31 December 2021, the qualified opinion in the independent auditors' report will be removed in respect of the Group's consolidated financial statements for the year ending 31 December 2021.

Based on the above-mentioned information, the management of the Company, the audit committee of the Company and the Board agree with the view of BDO that the Group's affairs on or before completion of the Group's Restructuring which led to the Audit Modifications have no on-going effect on the Group's consolidated financial information in future reporting periods.

MANAGEMENT DISCUSSION AND ANALYSIS

References are made to the circular dated 27 April 2019 (the "Circular"). Unless otherwise stated, capitalised terms used in the following sections of this announcement shall have the same meanings as those defined in the Circular.

CHANGE OF COMPANY NAME

On 14 June 2019, the English name of the Company was changed from "China Agrotech Holdings Limited" to "Da Yu Financial Holdings Limited" and the Chinese name "大禹金融控股有限公司" was adopted and registered as dual foreign name of the Company to replace the Chinese name "浩倫農業科技集團有限公司" (for identification purpose only) and both the new English and Chinese names of the Company were registered in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with effect from 28 June 2019.

The English and Chinese stock short names of the Company for trading in the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") were changed from "CHINA AGROTECH" to "DA YU FIN" in English and from "浩倫農科" to "大禹金融" in Chinese with effect from 9:00 a.m. on 17 July 2019.

CHANGE OF YEAR END DATE

The Company announced on 10 October 2019 that the financial year end date of the Company has been changed from 30 June to 31 December. For details, please refer to that announcement.

Accordingly, this announcement covers a reporting period for only six months from 1 July 2019 to 31 December 2019 (the "Current Reporting Period") while the last annual report covered the twelve months from 1 July 2018 to 30 June 2019.

BUSINESS REVIEW

For the Current Reporting Period, the Company and its subsidiary (the "Group") are principally engaged in the provision of corporate finance advisory services and asset management services through its wholly-owned subsidiary, Yu Ming.

Yu Ming is a financial services provider engaged in the provision of corporate finance advisory services and asset management services. Yu Ming is licensed 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 under the Securities and Futures Ordinance.

Corporate Finance Advisory Services

During the Current Reporting Period, the corporate finance advisory services provided by Yu Ming mainly included the following:

(i) acting as financial adviser to advise listed issuers, shareholders and investors of listed issuers and entities on specific transactions in respect of the Listing Rules, the GEM Listing Rules and/or the Takeovers Code;

(ii) acting as independent financial adviser to listed issuers to provide independent advice required under the Listing Rules, the Takeovers Code or other specific circumstances; and

(iii) acting as financial adviser to listed issuers on retainer basis to advise listed issuers on corporate strategies and compliance with the Listing Rules, the GEM Listing Rules and Takeovers Code.

Asset Management Services

During the Current Reporting Period, Yu Ming provided asset management services solely to SHK Hong Kong Industries Limited, the first investment company listed on the Stock Exchange.

Revenue

Revenue mainly consisted of income from corporate finance advisory of approximately HK$37.4 million and asset management services of approximately HK$8.1 million.

Employee Benefit Expense

The Group's employee benefit expense mainly consisted of salaries, bonuses and mandatory provident fund for the employees as well as fees for the Directors. Salaries, bonuses, mandatory provident fund and Directors' fee amounted to approximately HK$4.0 million, HK$9.7 million, HK$0.2 million and HK$0.2 million respectively during the Current Reporting Period.

Administrative and Other Expenses

Other than the Group's administrative expenses, other expenses for the Current Reporting Period included the amortisation on intangible assets of approximately HK$6.3 million.

Gain on Debt Restructuring and Restructuring Expenses

During the Current Reporting Period, the Group recorded a gain on debt restructuring under the Creditors' Scheme of approximately HK$844.9 million and restructuring expenses (mainly legal and professional fees) of approximately HK$20.1 million. Details regarding the debt restructuring, please refer to the "Debt Restructuring and Resumption" section below and Note 6 to the consolidated financial statements.

DEBT RESTRUCTURING AND RESUMPTION

Reference is made to the public offer prospectus of the Company dated 28 June 2019 (the "Prospectus"). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

During the Current Reporting Period, the Company completed a series of corporate exercises including, but not limited to, the Capital Reorganisation, the Creditors' Scheme, the YM Subscription, the New Placing, the Public Offer and the Acquisition. In addition, the Creditors' Scheme was effective on 25 July 2019 and the joint and several liquidators ("Former Liquidators") were discharged on the same date. Accordingly, the resumption conditions of the Company was fulfilled on 25 July 2019 and the trading of shares of the Company was resumed on 26 July 2019.

FINANCIAL REVIEW

Overall Results

The financial results of the Group are highlighted as follows:

	Notes	Yu Ming (Full Year) A HK$'000	Yu Ming's Results Consolidated B HK$'000	Gain on Debt Restructuring C HK$'000	Restructuring Expenses D HK$'000	Group Level Items E HK$'000	The Group (6 Months) HK$'000
Revenue and other income		68,639	47,428	–	–	4	47,432
Employee benefit		(9,306)	(4,179)	–	–	(183)	(4,362)
Administrative and other expenses		(4,931)	(3,006)	–	–	–	(3,006)
Gain on debt restructuring		–	–	844,894	–	–	844,894
Restructuring expenses		–	–	–	(20,132)	–	(20,132)
Amortisation on intangible assets		–	–	–	–	(6,303)	(6,303)
Expenses of the Company		–	–	–	–	(3,022)	(3,022)
Profit before staff bonus and income tax		54,402	40,243	844,894	(20,132)	(9,504)	855,501
Staff bonus for full year		(9,743)	(9,743)	–	–	–	(9,743)
Profit after staff bonus and before income tax		44,659	30,500	844,894	(20,132)	(9,504)	845,758

Notes:

A. Whole-year performance of Yu Ming recorded a total revenue of approximately HK$68,639,000 and a profit before income tax of approximately HK$44,659,000 for the year ended 31 December 2019.

B. As the Company acquired Yu Ming on 25 July 2019, only the results of Yu Ming since that date to 31 December 2019 were consolidated. However, staff discretionary bonus, if any, would only be determined at financial year end, so bonus amount of full year instead of half-year apportionment was consolidated.

C. Gain on debt restructuring represented the gain arising from the implementation of the Creditors' Scheme.

D. Restructuring expenses were mainly legal and professional fees incurred in respect of the debt restructuring.

E. Group level items represented mainly amortisation on intangible assets, as well as share registration fee, listing fee and professional fees incurred by the Company after resumption.

Yu Ming is the wholly-owned subsidiary of the Company. Its own financial statements recorded a profit before income tax of approximately HK$44.7 million or a profit before staff bonus and income tax of approximately HK$54.4 million for the 12 months ended 31 December 2019.

The Company acquired Yu Ming in July 2019. Yu Ming's results were consolidated into the Group's financial statements since then. For the Current Reporting Period, Yu Ming contributed to the Group a profit before income tax of approximately HK$30.5 million.

It should be noted that a provision of staff bonus had been made during the Current Reporting Period. Since the staff bonus is discretionary in nature and will only be determined at the end of the financial year, staff bonus based on performance of 12 months had been finally consolidated. If not counting the staff bonus, Yu Ming contributed a profit before income tax of approximately HK$40.2 million.

Gain on debt restructuring net of restructuring expenses amounted to approximately HK$824.8 million. These were one-off exceptional gain and expenses on debt restructuring.

Excluding the gain and expenses on debt restructuring, the Group recorded a profit before income tax of approximately HK$21.0 million or a profit before staff bonus and income tax of approximately HK$30.7 million for the six-month period from 1 July 2019 to 31 December 2019.

Notwithstanding that the independent auditors has issued a disclaimer of opinion on the Company's consolidated financial statements for the six-month period from 1 July 2019 to 31 December 2019, the Board would like to state that the disclaimer of opinion is due to the gain on debt restructuring which was completed on 25 July 2019, convertible bonds, warrant reserve, certain past liabilities, comparative information and the historical figures of the companies deconsolidated and excluded from the existing Group in the group reorganisation completed on 25 July 2019. The Board agrees with the view of BDO, the independent auditors of the Company, that these have no on-going effect on the Group's consolidated financial statements in future reporting periods.

Revenue and Financial Resources

Given the liquidation and restructuring of the Company during this financial period, deconsolidation of subsidiaries as mentioned above and based on the books and records available, for the six-month period from 1 July 2019 to 31 December 2019, the Group had revenue of HK$46.8 million (year ended 30 June 2019: Nil) and the Group's net profit was approximately HK$842.3 million, representing an increase in profit of approximately HK$856.2 million as compared to the Group's net loss of approximately HK$13.9 million for the year ended 30 June 2019.

As at 31 December 2019, the Group had cash and cash equivalents of approximately HK$39.9 million (as at 30 June 2019: HK$3.0 million). As at 31 December 2019, the Group's current ratio (current assets to current liabilities) was approximately 192.3% (as at 30 June 2019: 0.3%).

For the six-month period from 1 July 2019 to 31 December 2019, the Group had no material exposure to fluctuations in exchange rates.

Indebtedness and Banking Facilities

As at 31 December 2019, the Group had no bank and other borrowings (as at 30 June 2019: bank and other borrowings of approximately HK$84.3 million).

As at 30 June 2019, the Group had unsecured bank borrowings and other borrowings (excluding corporate bonds) of approximately HK$7.4 million and HK$31.9 million respectively.

As at 30 June 2019, the Group had eight unlisted straight bonds to eight independent investors in an aggregate principal amount of HK$45.0 million (the "Bonds"). The Bonds are unsecured, arranged at fixed interest rates of 6% to 7% per annum and were immediately due because of the liquidation of the Company.

The Group's gearing ratio, calculated by reference to the ratio of total borrowings to total equity attributable to the owners of the Company as at 31 December 2019, was 0%.

As at 30 June 2019, the Group's gearing ratio could not be determined because there was a deficit of equity attributable to owners of the Company. The gearing ratio was calculated based on the division of the total amount of bank borrowings and other loans and convertible bonds (liability components) by total equity attributable to owners of the Company.

Assets and Liabilities

As at 31 December 2019, the Group had total assets of approximately HK$465.5 million (as at 30 June 2019: approximately HK$3.2 million) and total liabilities of HK$49.0 million (as at 30 June 2019: approximately HK$963.9 million). The net assets of the Group as at 31 December 2019 were approximately HK$416.5 million (as at 30 June 2019: net liabilities approximately HK$960.8 million).

Capital Structure

As part of the group restructuring, the Company completed a series of capital restructuring, including capital reduction, share consolidation, share premium cancellation and increase in authorised share capital during the six-month period from 1 July 2019 to 31 December 2019.

Commitments

As at 31 December 2019, the Group had no significant outstanding contracted capital commitments (as at 30 June 2019: Nil).

Charges on Group Assets

As at 31 December 2019, the Group had no assets under pledge.

There is insufficient information available to the Company to ascertain whether there were any charged assets at a Group level as at 30 June 2019.

Significant Investments and Acquisition

On 24 August 2016 and 7 February 2017, the Vendor, the Company and the Former Liquidators entered into the Acquisition Agreement and the Supplemental Acquisition Agreement respectively in relation to the Acquisition. Pursuant to the agreements, the Company would acquire the entire issued share capital of Yu Ming, now a wholly-owned subsidiary of the Company, free from all encumbrances, at the Acquisition Consideration of HK$400.0 million.

All the conditions to the agreements have been either fulfilled or waived and the Acquisition Completion took place on 25 July 2019.

Contingent Liabilities

As at the date of this announcement and as at 31 December 2019, the Board is not aware of any material contingent liabilities.

There is insufficient information available to the Company to ascertain whether the Group and the Company had any significant contingent liabilities as at 30 June 2019.

Upon the completion of the resumption proposal and the scheme of arrangement taking effect on 25 July 2019, all the creditors' claims against the Company as at the date on which the Creditors' Scheme becomes effective have been discharged and compromised in full, which were assigned and transferred to a special vehicle held and controlled by the Scheme administrators.

EVENTS AFTER THE REPORTING PERIOD

Impact of Novel Coronavirus Outbreak to the Group

Since January 2020, the outbreak of Novel Coronavirus ("COVID-19") has dealt a big blow to the global business environment. Up to the date of this announcement, COVID-19 has not resulted in material negative impact on the Group. In view of the development and spread of COVID-19 subsequent to the date of this announcement, further changes in economic conditions for the Group arising thereof may have negative impact on the financial results of the Group, the extent of which could not be estimated as at the date of this announcement. The Group will keep continuous attention to the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

PROSPECT

Yu Ming has been active in its corporate finance and asset management business since its inception in 1997. Though Yu Ming has secured significant mandates in January and February 2020, the repercussions of the PRC travel restrictions caused by the coronavirus create low visibility to our corporate finance advisory operations:–

1. Since face-to-face meetings have been the common interface with clients, the challenges Yu Ming faces in 2020 will be the difficulties of meeting PRC clients in the corporate finance business, where client instructions and professional parties' discussions are most effective in physical meetings.

2. Some of our works involve reviewing recommendations or decisions of the Stock Exchange where we and clients physically attend to make effective representation at listing committee hearings. The imposition of a 14-day quarantine on PRC clients travelling to Hong Kong with a standard seven-day stay permit make it impossible for them to attend those hearings physically. If hearings are postponed, the income recognition of such mandates would likewise be postponed. If the hearings are held with a conference call, the clients would not be able to make an effective representation face-to-face with the listing committee members. Therefore, the travel restrictions are expected to affect revenue, but the extent is too early to conclude.

Other than the coronavirus, the aggressive regime adopted by the Stock Exchange in the past two years in delisting listed companies created new business opportunities for Yu Ming. We will continue to maintain our presence in assisting listed companies to minimize procedural abuses in the delisting process.

DIVIDEND

No dividend is declared or recommended for the six-month period from 1 July 2019 to 31 December 2019 (year ended 30 June 2019: Nil).

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company is scheduled to be held on Friday, 29 May 2020 (the "AGM"). The register of members of the Company will be closed from Tuesday, 26 May 2020 to Friday, 29 May 2020, during which period no transfer of shares of the Company will be registered. To be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Hong Kong Registrars Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 25 May 2020.

CORPORATE GOVERNANCE PRACTICES

The Former Liquidators were appointed on 17 August 2015 pursuant to an Order of the High Court of Hong Kong. Since the appointment of the Former Liquidators, certain books and records of the Company and its subsidiaries cannot be obtained and accessed for the period from 17 August 2015 to 25 July 2019 ("Corporate Governance Period before Resumption"). The current Directors were appointed on 25 and 26 July 2019 and 23 December 2019.

During the six-month period from 1 July 2019 to 31 December 2019, except for the Corporate Governance Period before Resumption, the Company has complied with the principles (the "Principles") and code provisions (the "Code Provisions") as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") stipulated by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in Appendix 14 of the rules governing the listing of securities on the Stock Exchange (the "Listing Rules"), except for the following:

(a) Given the winding up and restructuring of the Company, all former directors retired on 12 June 2019. The current Directors were appointed on 25 and 26 July 2019 and 23 December 2019. Accordingly, the Company has no director, thus has no chairman and no chief executive from 1 July 2019 to 24 July 2019. Since the Company has no director from 1 July 2019 to 24 July 2019, the audit committee, nomination committee and remuneration committee have not been maintained from 1 July 2019 to 24 July 2019 and therefore the Company was unable to comply with relevant Code Provisions under Sections A, B, C, D, E and F of the CG Code during the above period.

(b) An issuer must include at least three independent non-executive directors, with at least one of the independent non-executive directors having appropriate professional qualifications or accounting or related financial management expertise, and the number of independent non-executive directors must represent at least one-third of the Board pursuant to the Rules 3.10(1) and (2), and 3.10A of Listing Rules. Based on the information available, following to the retirement of Ms. Zhao Jianhua on 12 June 2019 and the resignation of Mr. Li Yik Sang on 18 June 2014, Mr. Cheung Ka Yue on 14 November 2014, Mr. Zhang Shaosheng on 19 November 2014 and Mr. Wong Kin Tak on 9 February 2015, there was no independent non-executive director on the Board from 1 July 2019 to 24 July 2019.

(c) The audit committee should comprise non-executive directors only pursuant to Rule 3.21 of the Listing Rules. Following to the winding up of the Company, the Company has only one independent non-executive director who retired on 12 June 2019. The Company has no directors from 1 July 2019 to 24 July 2019 and therefore the audit committee has not been maintained from 1 July 2019 to 24 July 2019.

(d) An issuer's management should ensure the external auditors attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditors independence (Under Code Provision E.12). The Management had requested the representative of auditors to attend the annual general meeting of the Company held on 25 November 2019. However, the representative of auditors was absent from the said annual general meeting as he passed away on the same date.

The exceptions (a) to (c) above occurred during the Corporate Governance Period before Resumption.

AUDIT COMMITTEE REVIEW

Following to the retirement of all former directors on 12 June 2019, the Company has no director up to 24 July 2019. Accordingly, the audit committee has not been maintained from 1 July 2019 to 25 July 2019. The current Directors were appointed on 25 July 2019 and 26 July 2019 and the Board has set up an audit committee on 26 July 2019.

The audit committee has reviewed the annual results for the six-month period from 1 July 2019 to 31 December 2019.

The figures contained in the financial information set out on pages 1 to 19 of this announcement of the Group's results for the six-month period from 1 July 2019 to 31 December 2019 have been reviewed and agreed by the Company's auditors, BDO.

SCOPE OF WORK OF BDO

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the six-month period from 1 July 2019 to 31 December 2019 as set out in the preliminary announcement have been agreed by the Group's auditors, BDO, to the amounts set out in the Group's audited consolidated financial statements for the six-month period from 1 July 2019 to 31 December 2019. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiary has purchased, sold or redeemed any of the Company's listed shares during the six-month period from 1 July 2019 to 31 December 2019.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company will be despatched to the shareholders of the Company as well as published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
DA YU FINANCIAL HOLDINGS LIMITED
Lee Wa Lun, Warren
Managing Director

Hong Kong, 26 March 2020

As at the date of this announcement, the executive Directors are Mr. Lee Wa Lun, Warren (Managing Director), Mr. Lam Chi Shing and Ms. Li Ming, the non-executive Directors are Mr. Li Chi Kong (Chairman) and Mr. Kuo Jen-Hao and the independent non-executive Directors are Mr. Chan Sze Chung, Mr. Suen Chi Wai and Mr. Sum Wai Kei, Wilfred.