INTRODUCTION

The accompanying unaudited pro forma financial information has been prepared to illustrate the effect of the proposed restructuring including, inter alia, (i) Capital Reorganization, (ii) Subscription, (iii) the New Placing, (iv) Creditors' Scheme, (v) Acquisition of the entire issued share capital in Yu Ming Investment Management Limited ("Yu Ming"), and (vi) Public Offer (including the Preferential Offering), which might have affected the financial information of China Agrotech Holdings Limited (to be renamed as Da Yu Financial Holdings Limited) (In Liquidation) (the "Company") and its subsidiaries (hereafter collectively referred to as the "Group"). The Group immediately after the completion of the proposed restructuring is referred to as the "Enlarged Group". Details of the proposed restructuring are contained in the circular of the Company dated 27 April 2019 (the "Circular").

The unaudited pro forma consolidated statement of financial position of the Enlarged Group and the unaudited pro forma consolidated net tangible assets attributable to the owners of the Company as at 31 December 2018 have been prepared based on (1) the unaudited condensed consolidated statement of financial position of the Group as at 31 December 2018 as extracted from the interim report of the Company for the six months ended 31 December 2018 and (2) the audited statement of financial position of Yu Ming as at 31 December 2018, which has been extracted from the accountants' report of Yu Ming as set out in Appendix I to this Prospectus, and adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the proposed restructuring had been completed on 31 December 2018.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Enlarged Group have been prepared based on (1) the audited consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 30 June 2018 which have been extracted from the annual report of the Company for the year ended 30 June 2018 and (2) the audited statement of profit or loss and other comprehensive income and statement of cash flows of Yu Ming for the year ended 31 December 2018, which have been extracted from the accountants' report of Yu Ming as set out in Appendix I to this Prospectus, and adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the proposed restructuring had been completed on 1 July 2017.

The unaudited pro forma financial information is prepared to provide information on the Enlarged Group as a result of completion of the proposed restructuring.

The unaudited pro forma financial information has been prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purpose only. Accordingly, as a result of the nature of the unaudited pro forma financial information of the Enlarged Group, it may not give a true picture of the actual financial position, results of operation or cash flows of the Enlarged Group that would have been attained had the proposed restructuring actually occurred on the dates indicated herein. Furthermore, the unaudited pro forma financial information of the Enlarged Group does not purport to predict the Enlarged Group's future financial position, results of operation or cash flows.

A. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP AS AT 31 DECEMBER 2018

	The Group	Pro forma adjustments							Sub-total	Yu Ming	Sub-total	Pro forma adjustments						The Enlarged Group
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(Note 1(a))	(Note 2)	(Note 3(a))	(Note 4(a))	(Note 4(b))	(Note 6(a))	(Note 7(a))	(Note 7(b))		(Note 8)		(Note 9(a))	(Note 9(b))	(Note 10)	(Note 11(a))	(Note 12)	(Note 13)	
Non-current assets																		
Property, plant and equipment	–								–	76	76							76
Financial assets at fair value through other comprehensive income	–								–	16,263	16,263	(16,263)						–
Other assets	–								–	50	50							50
Intangible assets	–								–	–	–		101,007					101,007
Goodwill	–								–	–	–		305,659					305,659
	–								–	16,389	16,389							406,792
Current assets																		
Trade and other receivables and deposits paid	174								174	5,294	5,468						4,575	10,043
Financial asset at fair value through profit or loss	–								–	377	377	(377)						–
Amount due from Yu Ming's fellow subsidiary	–								–	4,575	4,575						(4,575)	–
Taxation recoverable	–									2,178	2,178							2,178
Bank and cash balances	1,231	3,841				414,673	(583)	(80,000)	339,162	82,937	422,099	(59,946)	(400,000)	22,500	123,173	(49,791)		58,035
	1,405								339,336	95,361	434,697							70,256

	The Group	Pro forma adjustments							Sub-total	Yu Ming	Sub-total	Pro forma adjustments						The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1(a))	*(Note 2)*	*(Note 3(a))*	*(Note 4(a))*	*(Note 4(b))*	*(Note 6(a))*	*(Note 7(a))*	*(Note 7(b))*		*(Note 8)*		*(Note 9(a))*	*(Note 9(b))*	*(Note 10)*	*(Note 11(a))*	*(Note 12)*	*(Note 13)*	
Current liabilities																		
Contract liabilities	–								–	16,456	16,456							16,456
Accruals and other payables	35,411		27,031				(2,673)	(32,738)	27,031	8,315	35,346					(1,734)	393	34,005
Borrowings	28,198	3,841					(7,358)		24,681	–	24,681			22,500		(47,181)		–
Corporate bonds	45,000							(45,000)	–	–	–							–
Tax payable	6,678						(6,678)		–	–	–							–
Amount due to Yu Ming's holding company	–								–	393	393						(393)	–
Amounts due to deconsolidated subsidiaries	136,097						(136,089)	(8)	–	–	–							–
Convertible bonds	701,099							(701,099)	–	–	–							–
	952,483								51,712	25,164	76,876							50,461
Net current (liabilities)/assets	(951,078)								287,624	70,197	357,821							19,795
Total assets less current liabilities	(951,078)								287,624	86,586	374,210							426,587
Non-current liabilities																		
Deferred tax liabilities	–								–	–	–		16,666					16,666
NET (LIABILITIES)/ASSETS	(951,078)								287,624	86,586	374,210							409,921
Capital and reserves																		
Issued shares	100,177			(90,159)		79,745			89,763	10,000	99,763		(10,000)		24,170			113,933
Share premium	453,352				(453,352)	334,928			334,928	–	334,928				99,003			433,931
Reserves	(1,504,607)		(27,031)	90,159	453,352		152,215	698,845	(137,067)	76,586	(60,481)	(76,586)				(876)		(137,943)
TOTAL (DEFICIT)/EQUITY	(951,078)								287,624	86,586	374,210							409,921

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE ENLARGED GROUP FOR THE YEAR ENDED 30 JUNE 2018

	The Group	Pro forma adjustments			Sub-total	Yu Ming	Sub-total	Pro forma adjustments		The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1(b))	*(Note 3(b))*	*(Note 7(a))*	*(Note 7(b))*		*(Note 8)*		*(Note 9(c))*	*(Note 12)*	
Revenue	–				–	59,577	59,577			59,577
Cost of sales	–				–	–	–			–
Gross profit	–				–	59,577	59,577			59,577
Other revenue and other net income	–				–	3,163	3,163			3,163
Other expenses	–				–	(3,256)	(3,256)			(3,256)
Gain on debt restructuring	–		152,215	698,845	851,060	–	851,060			851,060
General and administrative expenses	(3,920)	(27,031)			(30,951)	(16,861)	(47,812)	(14,338)		(62,150)
(Loss)/profit from operations	(3,920)				820,109	42,623	862,732			848,394
Finance costs	(967)				(967)	–	(967)		(2,408)	(3,375)
(Loss)/profit before tax	(4,887)				819,142	42,623	861,765			845,019
Income tax expense	–				–	(6,525)	(6,525)	2,366		(4,159)
(Loss)/profit for the year	(4,887)				819,142	36,098	855,240			840,860

	The Group	Pro forma adjustments			Sub-total	Yu Ming	Sub-total	Pro forma adjustments		The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1(b))	*(Note 3(b))*	*(Note 7(a))*	*(Note 7(b))*		*(Note 8)*		*(Note 9(c))*	*(Note 12)*	
Other comprehensive loss:										
Items that may be reclassified subsequently to profit or loss:										
Reclassification adjustment for the realisation upon redemption of financial assets at fair value through other comprehensive income	–				–	60	60			60
Change in fair value of financial assets at fair value through other comprehensive income offset by loss allowance for excepted credit losses	–				–	(701)	(701)			(701)
Other comprehensive loss for the year, net of tax	–				–	(641)	(641)			(641)
Total comprehensive (loss)/income for the year attributable to the owners of the Company	(4,887)	(27,031)	152,215	698,845	819,142	35,457	854,599	(11,972)	(2,408)	840,219

C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE ENLARGED GROUP FOR THE YEAR ENDED 30 JUNE 2018

	The Group	Pro forma adjustments					Sub-total	Yu Ming	Sub-total	Pro forma adjustments						The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1(b))	*(Note 2)*	*(Note 3(b))*	*(Note 6(b))*	*(Note 7(a))*	*(Note 7(b))*		*(Note 8)*		*(Note 9(b))*	*(Note 9(c))*	*(Note 10)*	*(Note 11(b))*	*(Note 12)*	*(Note 13)*	
CASH FLOWS FROM OPERATING ACTIVITIES																
(Loss)/profit before tax	(4,887)		(27,031)		152,215	698,845	819,142	42,623	861,765		(14,338)			(2,408)		845,019
Adjustments for:																
Bank interest income	–						–	(1,783)	(1,783)							(1,783)
Finance costs	–						–	–	–					2,408		2,408
Depreciation and amortisation	–						–	33	33		14,338					14,371
Realised gain on redemption of financial assets at fair value through other comprehensive income	–						–	(1,237)	(1,237)							(1,237)
Fair value loss on financial assets at fair value through profit or loss	–						–	378	378							378
Gain on debt restructuring	–				(152,215)	(698,845)	(851,060)	–	(851,060)							(851,060)
Exchange loss	–						–	(312)	(312)							(312)
Operating cash flows before working capital changes	(4,887)						(31,918)	39,702	7,784							7,784
Changes in trade and other receivables and deposit paid	(161)						(161)	(2,353)	(2,514)						2,887	373
Change in amount due from Yu Ming's fellow subsidiary	–						–	2,887	2,887						(2,887)	–
Change in contract liabilities	–						–	(8,453)	(8,453)							(8,453)
Changes in accruals and other payables	(189)		27,031				26,842	(11,647)	15,195						58	15,253
Changes in amount due to Yu Ming's holding company	–						–	58	58						(58)	–
Cash (used in)/generated from operations	(5,237)						(5,237)	20,194	14,957							14,957
Tax paid	–						–	(6,762)	(6,762)							(6,762)
Interest received	–						–	1,783	1,783							1,783
Net cash (used in)/generated from operating activities	(5,237)						(5,237)	15,215	9,978							9,978

	The Group	Pro forma adjustments					Sub-total	Yu Ming	Sub-total	Pro forma adjustments						The Enlarged Group
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(Note 1(b))	*(Note 2)*	*(Note 3(b))*	*(Note 6(b))*	*(Note 7(a))*	*(Note 7(b))*		*(Note 8)*		*(Note 9(b))*	*(Note 9(c))*	*(Note 10)*	*(Note 11(b))*	*(Note 12)*	*(Note 13)*	
CASH FLOWS FROM INVESTING ACTIVITIES																
Purchase of property, plant and equipment	–						–	(55)	(55)							(55)
Proceeds from redemption financial assets at fair value through other comprehensive income	–						–	8,675	8,675							8,675
Interest received from financial assets at fair value through other comprehensive income	–						–	1,356	1,356							1,356
Disposal of subsidiaries to Creditors' Scheme	–				(583)		(583)	–	(583)							(583)
Acquisition of a subsidiary	–						–	–	–	(142,254)						(142,254)
Net cash generated from/(used in) investing activities	–						(583)	9,976	9,393							(132,861)
CASH FLOWS FROM FINANCING ACTIVITIES																
Advances from the Vendor	2,217	3,841					6,058	–	6,058			22,500				28,558
Repayment to the Vendor	–						–	–	–					(49,791)		(49,791)
Net proceeds from Subscription and New Placing	–			414,673			414,673	–	414,673							414,673
Net proceeds from public offer	–						–	–	–				123,173			123,173
Payment to Creditors' Scheme	–					(80,000)	(80,000)	–	(80,000)							(80,000)
Dividends paid to the Vendor	–						–	(200,000)	(200,000)							(200,000)
Net cash generated from/(used in) financing activities	2,217						340,731	(200,000)	140,731							236,613
NET INCREASE IN CASH AND CASH EQUIVALENTS	(3,020)						334,911	(174,809)	160,102							113,730
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,530						4,530	257,746	262,276	(257,746)						4,530
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,510						339,441	82,937	422,378							118,260
ANALYSIS OF CASH AND CASH EQUIVALENTS																
Bank and cash balances	1,510	3,841		414,673	(583)	(80,000)	339,441	82,937	422,378	(400,000)		22,500	123,173	(49,791)		118,260

D. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(1) (a) For preparation of unaudited pro forma consolidated statement of financial position, the figures are extracted from the unaudited condensed consolidated statement of financial position of the Group for the six months ended 31 December 2018, as set out in the published interim report of the Company for the six months ended 31 December 2018.

(b) For preparation of unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows, the figures are extracted from the audited consolidated financial statements of the Group for the year ended 30 June 2018, as set out in the published annual report of the Company for the year ended 30 June 2018.

(2) This adjustment represents the Cash Advance of HK$3,841,000 made by the Vendor to the Company pursuant to the Supplemental Acquisition Agreement for the settlement of professional fees to be incurred by the Company and/or the Liquidators.

(3) (a) This adjustment represents the estimated professional fees and expenses of HK$27,031,000 to be additionally incurred by the Company relating to the Capital Reorganization, Creditors' Scheme and Acquisition as if they had been taken place on 31 December 2018.

(b) This adjustment represents the estimated professional fees and expenses of HK$27,031,000 to be additionally incurred by the Company relating to the Capital Reorganization, Creditors' Scheme and Acquisition as if they had been taken place on 1 July 2017.

(4) (a) This adjustment represents the effect of the Capital Reduction where the nominal value of each issued and unissued Share will be reduced from HK$0.10 to HK$0.01 and the issued share capital of the Company will be cancelled to the extent of HK$0.09 of each existing Share in issue. The total amount of HK$90,159,000 arising from the Capital Reduction will be eliminated an equivalent amount of the reserves of the Company in a manner consistent with the Companies Law of the Cayman Islands.

(b) This adjustment represents the share premium cancellation under which the entire amount of approximately HK$453,352,000 standing to the credit of the share premium account of the Company will be cancelled and applied to set off part of the accumulated losses of the Company.

(5) Share Consolidation will be taken place whereby every 10 issued shares of HK$0.01 each will be consolidated into 1 New Share of HK$0.10 each subsequent to the Capital Reduction.

(6) (a) This adjustment represents the effect of the subscription of 284,750,000 Subscription Shares at HK$0.52 per Subscription Share with the par value of HK$0.1 each (the "Subscription") and placing of the 512,698,586 Subscription Shares at HK$0.52 per New Placing Share with the par value of HK$0.1 each (the "New Placing"). As a result of the Subscription and the New Placing, the Group will raise net proceeds of HK$414,673,000. The completion of the Subscription and the New Placing will result in the increase in the share capital of HK$79,745,000 and the share premium of HK$334,928,000 as if the Subscription and the New Placing had completed on 31 December 2018.

(b) This adjustment represents the net proceeds of HK$414,673,000 as if the Subscription and the New Placing had completed on 1 July 2017.

(7) (a) This adjustment represents part of the Creditors' Scheme where the Company will transfer the entire equity interests of the existing subsidiaries, which are directly or indirectly held by the Company ("Excluded Companies"), to the Scheme Company of the administrators of the Creditors' Scheme at a cash consideration of HK$1.

	HK$'000
Net liabilities of the Excluded Companies	152,215
Less: Consideration received arising from the transfer of the equity interests of the Excluded Companies	–
Gain on debt restructuring*	152,215

(b) This adjustment represents the cash payment of HK$80 million transferred to the Creditors' Scheme for settlement of liabilities of the Company under which its accruals and other payables, corporate bonds, amounts due to deconsolidated subsidiaries and convertible bonds will be compromised and discharged in full.

	HK$'000
Accruals and other payables	32,738
Corporate bonds	45,000
Amounts due to deconsolidated subsidiaries	8
Convertible bonds	701,099
Less: Cash payment in settlement of debt restructuring	(80,000)
Gain on debt restructuring*	698,845

* Assuming the gain on debt restructuring is materially the same as if the disposal of the Excluded Companies had been taken place on 1 July 2017 or 31 December 2018.

(8) The figures have been extracted from the accountants' report of Yu Ming as set out in Appendix I to this Prospectus, where the balances extracted from the statement of financial position of Yu Ming were as at 31 December 2018 and the amounts extracted from the statement of profit or loss and other comprehensive income and statement of cash flows of Yu Ming were for the year ended 31 December 2018.

(9) This adjustment represents the Acquisition of the entire issued share capital of Yu Ming:

(a) In accordance with the Acquisition Agreement, the Vendor shall maintain the net asset value of Yu Ming to no less than HK$10,000,000. An amount of HK$76,586,000 would be declared as dividend to the Vendor immediately before the completion of the Acquisition as if it had been taken place on 31 December 2018.

On the same date, Yu Ming will pay out such dividend in the forms of cash of HK$59,946,000 and of distribution in species of financial assets at fair value through other comprehensive income of HK$16,263,000 and financial asset at fair value through profit or loss of HK$377,000. It is assuming that the change in fair value of financial assets at fair value through other comprehensive income and financial asset at fair value through profit or loss is minimal.

(b) Under Hong Kong Financial Reporting Standard 3 (Revised) Business Combinations, the Group will apply the acquisition method to account for the Acquisition in the consolidated financial statements of the Group. The goodwill arising from the Acquisition is calculated as follows:

	HK$'000
Net assets of Yu Ming acquired after declaring the dividend	10,000
Intangible assets	101,007
Goodwill	305,659
Deferred tax	(16,666)
Consideration	400,000
Satisfied by:	
Cash	400,000

Deferred tax amounting to approximately HK$16,666,000 is calculated based on the fair values of intangible assets of approximately HK$101,007,000 multiplied by Hong Kong tax rate of 16.5%.

For the purpose of the preparation of the Unaudited Pro Forma Financial Information, the Liquidators have assessed whether the intangible assets and goodwill would be impaired as at 31 December 2018 on a pro forma basis in accordance with Hong Kong Accounting Standard 36 ("HKAS 36") "Impairment of Assets" and concluded that there is no impairment of the intangible assets and goodwill arising on the Acquisition as at 31 December 2018, and the Company's reporting accountant has agreed with the relevant assessments. The Company will adopt consistent accounting policies, principal assumptions and valuation methods as used in the Unaudited Pro Forma Financial Information to assess impairment of the intangible assets and goodwill arising from Acquisition in future financial statements.

The actual amount of the intangible assets and goodwill arising from the Acquisition at the date of completion may be different from that presented above and the difference may be significant.

(c) This adjustment represents the intangible assets, including backlog, investment management agreement, trade name and SFC Licenses which have been identified with the fair values of approximately HK$9,864,000, HK$17,772,000, HK$69,642,000 and HK$3,729,000 respectively, are estimated to have a useful life of 2 years for backlog and 3 years for investment management agreement, 20 years for trade name and infinite life for SFC Licenses respectively. The total amortisation charge of approximately HK$14,338,000 is therefore charged to the pro forma consolidated statement of profit or loss and other comprehensive income immediately after Acquisition. The related tax effect on the unaudited pro forma consolidated statement of profit or loss arising from the amortisation of above intangible assets is approximately HK$2,366,000. This adjustment has a continuing effect on the financial statements of the Enlarged Group in subsequent years. Yu Ming is regarded as the CGU which comprises of goodwill. Both the discount rate and the long term sustainable growth rate are the key parameters in the valuation as they are very sensitive to the recoverable amount of CGU. The sensitivity analysis and headroom of the recoverable amount are presented on pages III-17 to III-18. For conservative reason, long-term sustainable growth rate of 3% is assumed to be associated with the inflation. The discount rate adopted in valuation of Yu Ming as of 31 May 2017, 31 October 2017, 31 December 2017, 30 June 2018 and 31 December 2018 was 14.22%, 14.68%, 14.92%, 14.53% and 14.32%, respectively. Changes in discount rate during last 19 months was less than 1%, it is therefore considered that any significant change in discount rate is unlikely to take place. In the view of the conservative assumption in long-term sustainable growth rate and considerably stable discount rate, the possibility of any changes in the key parameters that would cause the carrying amount of the CGU exceeds its recoverable amount is considered to be low. It is considered that there is unlikely that a reasonably possible change in the key parameters would cause the carrying amount of the CGU exceeds its recoverable amount.

(d) The valuation of the intangible assets is based on the assumption that there would be no material changes in the existing political, legal, fiscal, taxation and economic conditions in Hong Kong where Yu Ming is located and carrying on its businesses. The valuation methodologies and major assumptions of the intangible assets and goodwill are as follows:

1. Backlog

During the Track Record Period, Yu Ming has entered into eleven mandates in relation to provision of transaction financial advisory services and such services of which have not been fully performed as at 31 December 2018 (collectively the "Backlog"). Yu Ming expects to earn future profit on fulfilling the Backlog in the near future.

The valuation of the Backlog used incremental income method under income approach. Major assumptions used in the incremental income method included:

Income	Unbilled advisory fee income from the signed mandates provided by the management of Yu Ming.
Useful Life	2 years, which is the estimated remaining service completion period of these mandates.
Operating Expenses Rate	38% of income, which is referenced to historical profit margins of the corporate finance services segment.
Discount Rate	13.32%

2. Management Agreement

Yu Ming has entered into the Management Agreement with SHK in relation to provision of management services. Under the Management Agreement, Yu Ming agrees to provide investment management services to SHK from 1 January 2019 to 31 December 2021.

The valuation of the Management Agreement used incremental income method under income approach. Major assumptions used in the incremental income method included:

Income	The management fee income, performance income and sundry income estimated by the management of Yu Ming.
Useful Life	3 years, with reference to the remaining service period of the Management Agreement which ends on 31 December 2021.
Operating Expenses Rate	53% of income, which is referenced to historical profit margins of the asset management segment.
Discount Rate	14.32%

3. Trade Name

Yu Ming has carried out businesses under its trade name of "Yu Ming" ("Trade Name") in Hong Kong since its incorporation in 1996. With great effort in providing quality services, the trade name is well recognised in the corporate finance advisory and asset management industry in Hong Kong where Yu Ming is conducting businesses.

The Trade Name was valued by using the Relief from Royalty Method under income approach. Major assumptions used in the Relief from Royalty Method included:

Royalty Savings	15.83% of the total budgeted revenue provided by the management of Yu Ming (excluding revenue generated by Backlog and the Management Agreement). The 15.83% royalty rate is benchmarked with the relevant transactions and within the reasonable range.
Useful Life	20 years, considering that Yu Ming has already been conducting business under the Trade Name for more than 20 years.
Discount Rate	14.32%

20 years useful life of Trade Name

The valuation of the Trade Name is performed by using a Relief from Royalty Method under income approach. In determination of useful life of Trade Name, and 1) the value of cashflow contributed by Trade Name and 2) historical years of operation have been considered.

1) Value of cashflow contributed by Trade Name

Cashflow contributed by Trade Name would tend to minimal in the long run, a limited life expectancy of Trade Name is implied. Cashflow contributed by Trade Name/revenue is expected to drop from around 10% in early projection period to around 1% in year 20.

2) Historical years of operation

Yu Ming has carried out businesses under its Trade Name of "Yu Ming" in Hong Kong since its incorporation in 1996 (ie. 22 years) with success and known publicly. Taking the historical operation record into account, it is reasonable to assume Yu Ming would continue to carry out its businesses under the Trade Name of "Yu Ming" in the future for more than 20 years.

For conservative purpose, we assume the Trade Name has 20 years conservatively by referring to the historical record as its remaining useful life.

4. SFC Licenses

Yu Ming held the SFC licenses that were essential for carrying out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) under the SFO (collectively the "SFC Licenses"). By holding the SFC Licenses, Yu Ming would avoid the expenditure that was required to incur for obtaining the SFC Licenses.

The valuation of the SFC Licenses used cost approach. Major assumptions used in the cost approach included:

Major Costs	–	Salaries of 3 responsible officers provided by the management of Yu Ming
	–	Application fee of SFC Licenses
	–	Estimated legal costs and consultancy expenses in relation to obtaining the SFC Licenses provided by the management of Yu Ming.
Useful Life	Indefinite	

Indefinite useful life of SFC Licenses

Different from valuation of trademarks, determination of value of SFC License is based on the cost of replacing the licenses. It is a method under cost approach.

Expenses for hiring representative officers, application fees of each license and other directly related expenses are considered in the cost of replacing the licenses. The cashflow concept mentioned above is not applicable under cost approach.

Yu Ming is a SFC licensed corporation with its principle activities of corporate advisory and asset management. The licenses are necessary conditions for carrying out the business and the cost to renew is insignificant to Yu Ming. It is reasonable to assume the management has intention to renew the licenses for the continuing the operation. Considered the indefinite nature of the respective life expectancy of the businesses/Yu Ming, the useful life of SFC Licenses is estimated to be indefinite.

Determination of value of SFC Licenses is based on the cost of replacing the licenses. Factual input of expenses for hiring representative officers, application fees of each License and other directly related expenses are adopted in the calculation of cost of replacing the licenses.

Intangible assets that have a finite life are amortised over its estimated useful life and are reviewed for impairment whenever events on changes in circumstances indicate the carrying amount may not be recoverable. Intangible assets that have an indefinite life are reviewed annually for impairment and are reviewed for impairment whenever events on changes in circumstances indicate the carrying amount may not be recoverable.

5. Goodwill

Goodwill arising from the business combination is allocated to the cash generating units (the "CGU") that are expected to benefit from that business combination. The recoverable amount of the CGU is determined on the basis of its value in use using discounted cash flow method. The impairment calculation used cash flow projections based on approved financial budgets covering a 5-year period for CGU, with discount rate of 14.32%. The cash flows beyond the 5-year period were extrapolated using a long term sustainable growth rate of 3% per annum.

Goodwill is calculated from the consideration of HK$400,000,000 after deducting the fair value of the Backlog, Management Agreement, Trade Name, SFC Licenses, deferred tax liabilities and net assets of Yu Ming (after declaring the dividend) of approximately HK$9,864,000, HK$17,772,000, HK$69,642,000, HK$3,729,000, HK$16,666,000 and HK$10,000,000 respectively.

Goodwill is tested for impairment annually, or by the end of the year when there is an indication that the unit may be impaired.

Sensitivity analysis

1. *Equity Interest in Yu Ming*

Both the discount rate and the long term sustainable growth rate adopted play pivotal roles in the valuation as they are very sensitive to the value in use of 100% equity interests in Yu Ming. The value in use of 100% equity interests in Yu Ming under different combinations of the discount rate and the long term sustainable growth rate are presented below:

	Equity Interest in Yu Ming *(HKD)* Long Term Sustainable Growth Rate *(%)*				
Discount Rate *(%)*	2.0%	2.5%	**3.0%**	3.5%	4.0%
16.32%	340,765,000	347,419,000	354,573,000	362,285,000	370,622,000
15.32%	362,666,000	370,614,000	379,208,000	388,529,000	398,673,000
14.32%	388,117,000	397,726,000	**408,185,000**	419,609,000	432,141,000
13.32%	418,059,000	429,841,000	442,764,000	457,003,000	472,770,000
12.32%	453,798,000	468,486,000	484,750,000	502,858,000	523,142,000

Post-tax discount rate is applied in the valuation. Pre-tax discount rate derived from a gross up post-tax discount rate is 16.84%. A post-tax rate grossed up by tax is considered to be a reasonable estimate of the pre-tax rate as discounting post-tax cash flows at a post-tax discount rate and discounting pre-tax cash flows at a pre-tax discount rate give the same result in this case.

The headroom (HKD) are presented below:

	Long Term Sustainable Growth Rate *(%)*				
Discount Rate *(%)*	2.0%	2.5%	**3.0%**	3.5%	4.0%
16.32%	(59,235,000)	(52,581,000)	(45,427,000)	(37,715,000)	(29,378,000)
15.32%	(37,334,000)	(29,386,000)	(20,792,000)	(11,471,000)	(1,327,000)
14.32%	(11,883,000)	(2,274,000)	**8,185,000**	19,609,000	32,141,000
13.32%	18,059,000	29,841,000	42,764,000	57,003,000	72,770,000
12.32%	53,798,000	68,486,000	84,750,000	102,858,000	123,142,000

2. *Backlog*

The discount rate adopted plays a pivotal role in the valuation as it affects the fair value of the Backlog. The fair values of the Backlog under different combinations of the discount rate are presented below:

Discount Rate *(%)*	**Backlog** *(HKD)*
11.32%	10,036,000
12.32%	9,949,000
13.32%	**9,864,000**
14.32%	9,780,000
15.32%	9,698,000

3. *Management Agreement*

The discount rate adopted plays a pivotal role in the valuation as it affects the fair value of the Management Agreement. The fair values of the Management Agreement under different combinations of the discount rate are presented below:

Discount Rate *(%)*	**Management Agreement** *(HKD)*
12.32%	18,222,000
13.32%	17,994,000
14.32%	**17,772,000**
15.32%	17,555,000
16.32%	17,344,000

4. *Trade Name*

Both the discount rate and the royalty rate adopted play pivotal roles in the valuation as they are very sensitive to the fair value of the Trade Name. The fair values of the Trade Name under different combinations of the discount rate and the royalty rate are presented below:

Sensitivity Analysis of the Trade Name (Discount Rate)

Discount Rate *(%)*	**Trade Name** *(HKD)*
12.32%	79,738,000
13.32%	74,420,000
14.32%	**69,642,000**
15.32%	65,338,000
16.32%	61,450,000

Sensitivity Analysis of the Trade Name (Royalty Rate)

Royalty Rate *(%)*	**Trade Name** *(HKD)*
14.83%	65,215,000
15.33%	67,428,000
15.83%	**69,642,000**
16.33%	71,856,000
16.83%	74,070,000

5. *SFC Licenses*

Factual input of salaries of 3 responsible officers adopted in the calculation of cost of replacing the licenses play a pivotal role in the valuation as they are very sensitive to the fair value of the SFC Licenses. The fair value of the SFC Licenses under different salary level are presented below:

Sensitivity Analysis of the SFC Licenses

Percentage Change in salary *(%)*	**SFC Licenses** *(HKD)*
Salary decreased by 3%	3,632,000
Salary decreased by 2%	3,664,000
Salary decreased by 1%	3,697,000
Current Salary Level	**3,729,000**
Salary increased by 1%	3,761,000
Salary increased by 2%	3,793,000
Salary increased by 3%	3,825,000

(10) This adjustment represents the Cash Advance of HK$22.5 million made by the Vendor to the Company pursuant to the Supplemental Acquisition Agreement and the Third Supplement Acquisition Agreement for the settlement of professional fees to be incurred by the Company and/or the Liquidators. The Cash Advance shall be provided to the Company in the following manners:

(i) a sum of HK$8.5 million is payable by the Vendor to the Company within three Business Days after the Stock Exchange has conditionally granting the listing of and permission to deal in the New Shares to be allotted and issued under the Subscription and the Public Offer, and the Resumption; and

(ii) a sum of HK$14 million is payable by the Vendor to the Company on the date of commencement of trading of the New Shares to be allotted and issued under the Subscription and the Public Offer.

(11) (a) The adjustment represents the effect of the Public Offer (including the preferential offering) 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 under the Preferential Offering on the basis of 3 Offer Shares for every 2 New Shares, at the Offer Price of HK$0.52 for each Offer Share. The completion of the Public Offer will result in the increase in the share capital of HK$24,170,000 and the share premium of HK$99,003,000 (deducting 2% underwriting commission of HK$2,514,000)

as if the Public Offer had competed on 31 December 2018. The underwriting commission is capital nature, was not adjusted in the pro forma consolidated statement of profit or loss and deducted of share premium directly.

(b) The adjustment represents the net proceeds of approximately HK$123,173,000 (gross proceeds of HK$125,687,000 deducting 2% underwriting commission of HK$2,514,000 paid to the underwriter) from the Public Offer as if the Public Offer has completed on 1 July 2017.

(12) The adjustment represents repayment of the Cash Advance to the Vendor of HK$47,181,000 which advanced from Vendor since February 2017 with interest rate of 6% per annum. The interest expenses of approximately HK$2,610,000 is calculated based on the drawdown dates and the expected repayment date of 26 July 2019.

The interest expenses is calculated as following:

Date of Advance	Amount *(HK$'000)*	Expected Repayment date	For the year ended 30 June 2017 Interest Expenses *(HK$'000)*	For the year ended 30 June 2018 Interest Expenses *(HK$'000)*	For the six months ended 31 December 2018 Interest Expenses *(HK$'000)*	2019 Interest Expenses *(HK$'000)*	Total Interest Expenses *(HK$'000)*
14-Feb-17	5,000	26-Jul-19	113	300	151	171	735
2-Mar-17	1,730	26-Jul-19	34	103	52	59	248
19-May-17	5,000	26-Jul-19	35	300	151	170	656
19-May-17	1,525	26-Jul-19	11	92	46	51	200
31-May-17	1,804	26-Jul-19	9	109	55	61	234
6-Sep-17	256	26-Jul-19	–	13	8	8	29
22-Jan-18	1,010	26-Jul-19	–	27	31	35	93
29-Jan-18	257	26-Jul-19	–	6	8	9	23
29-Jan-18	694	26-Jul-19	–	17	21	24	62
28-Sep-18	595	26-Jul-19	–	–	9	20	29
28-Sep-18	325	26-Jul-19	–	–	5	11	16
26-Oct-18	1,500	26-Jul-19	–	–	17	51	68
2-Nov-18	1,144	26-Jul-19	–	–	11	39	50
28-Mar-19	1,809	26-Jul-19	–	–	–	36	36
3-May-19	8,500	26-Jul-19	–	–	–	119	119
20-Jun-19	1,882	26-Jul-19	–	–	–	12	12
26-Jul-19	150	26-Jul-19	–	–	–	–	–
26-Jul-19	14,000	26-Jul-19	–	–	–	–	–
	47,181		202	967	565	876	2,610

(13) The adjustment represents the reclassification of current accounts of the Yu Ming due to completion of Acquisition.

(14) Except noted in note 9(c), the above adjustments are not expected to have continuing effects on the Enlarged Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows.

E. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE ENLARGED GROUP AS AT 31 DECEMBER 2018

		HK$'000
Unaudited pro forma consolidated net tangible liabilities of the Group	*(Note 1)*	(951,078)
		HK$
Unaudited pro forma consolidated net tangible liabilities of the Group per share	*(Note 2)*	(0.95)
		HK$'000
Unaudited pro forma adjusted consolidated net assets of the Enlarged Group	*(Note 3)*	409,921
Less: Intangible assets	*(Note 4)*	(406,666)
Unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group		3,255
		HK$
Unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group per share	*(Note 5)*	0.003

Notes:

(1) The unaudited pro forma consolidated net tangible liabilities of the Group as at 31 December 2018 is extracted from the unaudited condensed consolidated statement of financial position of the Group as at 31 December 2018.

(2) The number of shares used for the calculation of the unaudited pro forma consolidated net tangible liabilities of the Group per share is 1,001,765,216, being the number of shares in issue as at 31 December 2018.

(3) The unaudited pro forma adjusted consolidated net assets of the Enlarged Group as at 31 December 2018 is extracted from the unaudited pro forma consolidated statement of financial position of the Enlarged Group.

(4) The adjustment represents the exclusion of the intangible assets of the Enlarged Group of approximately HK$406,666,000, comprising the goodwill of approximately HK$305,659,000 and other intangible assets of approximately HK$101,007,000, as at 31 December 2018.

(5) The number of shares used for the calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group per share is 1,139,330,190 including the effect of completion of the (i) Capital Reorganization, (ii) Subscription, (iii) the New Placing, and (iv) Public Offer as at 31 December 2018 as described in the notes to the unaudited pro forma financial information of the Enlarged Group. The number of shares is calculated as follows:

Number of shares in issue as at 31 December 2018	1,001,765,216
Share Consolidation	(901,588,695)
Subscription	284,750,000
The New Placing	512,698,586
Preferential Offering including in the Public Offer	150,264,780
Public Offer (excluding the Preferential Offering)	91,440,303
Number of shares including the effect of completion of the (i) Capital Reorganization, (ii) Subscription, (iii) the New Placing, and (iv) Public Offer	1,139,330,190

(6) Apart from the above, no adjustments have been made to the unaudited pro forma statement of adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 31 December 2018.

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

中汇
ZHONGHUI

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

The Joint and Several Liquidators
China Agrotech Holdings Limited (In Liquidation) (to be renamed as Da Yu Financial Holdings Limited)

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of China Agrotech Holdings Limited (In Liquidation) (to be renamed as Da Yu Financial Holdings Limited) (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated statement of financial position and the pro forma consolidated net tangible assets attributable to the owners of the Company as at 31 December 2018, the pro forma consolidated statement of profit or loss and other comprehensive income and the pro forma consolidated statement of cash flows for the year ended 30 June 2018 and related notes as set out on pages III-2 to III-22 of the prospectus issued by the Company dated 28 June 2019 (the "Prospectus"). The applicable criteria on the basis of which the directors of the Company have compiled the pro forma financial information are described on pages III-1 of the Prospectus.

The pro forma financial information has been compiled by the Liquidators to illustrate the effect of the proposed restructuring including, inter alia, (i) Capital Reorganization, (ii) YM Subscription, (iii) New Placing, (iv) Creditors' Scheme, (v) Acquisition of the entire issued share capital in Yu Ming Investment Management Limited (Yu Ming), and (vi) Public Offer on the Group's financial position and pro forma consolidated net tangible assets attributable to the owners of the Company as at 31 December 2018 and financial performances and cash flows for the year ended 30 June 2018 as if the proposed restructuring had taken place on 31 December 2018 and 1 July 2017 respectively. As part of this process, information about the Group's financial position as at 31 December 2018, the Group's financial performance and cash flows for the year ended 30 June 2018 have been extracted by the Liquidators from the interim report of the Company for the six months ended 31 December 2018 and the annual report of the Company for the year ended 30 June 2018. Information about the Yu Ming's financial position as at 31 December 2018, its financial performance and cash flows for the year ended 31 December 2018, have been extracted by the directors from the accountants' report of the Yu Ming as set out in Appendix I to the Prospectus.

Responsibilities of the Liquidators and the directors of Yu Ming for the Pro Forma Financial Information

The Liquidators and the directors of Yu Ming are responsible for compiling the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of proforma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier dates elected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed restructuring as at 1 July 2017 and 31 December 2018 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

– The related pro forma adjustments give appropriate effect to those criteria; and

– The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,
ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Ng Ka Lok
Practising Certificate Number P06084

Hong Kong, 28 June 2019