

The forecast combined profit after taxation and minority interests but before extraordinary items of the Group for the year ending 30th June, 2000 is set out in the section headed “Financial Information — Profit Forecast, Dividend Policy, Working Capital and Distributable Reserves” above.

1. Bases and assumptions

The forecast combined profit after taxation and minority interests but before extraordinary items of the Group for the year ending 30th June, 2000 is based on the unaudited results of the Group for the three months ended 30th September, 1999 and a forecast of the results of the Group for the nine months ending 30th June, 2000. The Directors are not aware of any extraordinary items which have arisen or are likely to arise during the year ending 30th June, 2000. The forecast has been prepared on a consistent basis in all material respects with the accounting policies presently adopted by the Group as summarised in Section 2 of the accountants’ report as set out in Appendix I.

The Directors have adopted the assumptions described in the section headed “Financial Information — Profit Forecast” and the following assumptions in the preparation of the profit forecast:—

- (a) there will be no material change in existing government policies or political, legal (including changes in legislation or regulations or rules), fiscal or economic conditions in Hong Kong and Mainland China or any of the countries in which the Group carries on business;
- (b) there will be no material impact on competitiveness and profitability of the Group’s products resulting from change in tariff policies on imported PGRs or China’s entry to the World Trade Organisation;
- (c) there will be no material changes in the prevailing interest rates or foreign currency exchange rates from those currently prevailing;
- (d) there will be no material changes in the bases or rates of taxation in Hong Kong and Mainland China; and
- (e) there will be no significant natural disasters nor adverse weather conditions such as flood, storm, drought nor earthquake during the forecast period that would affect the agricultural industry and thus the demand for the Group’s products will not be affected by adverse weather condition during the forecast period.

2. Letters

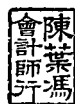
Set out below are texts of letters received by the Directors from Arthur Andersen & Co. and Charles Chan, Ip & Fung CPA Ltd. and from ICEA in connection with the forecast combined profit after taxation and minority interests but before extraordinary items of the Group for the year ending 30th June, 2000.

(i) Letter from Arthur Andersen & Co. and Charles Chan, Ip & Fung CPA Ltd.

**ARTHUR
ANDERSEN**
安達信公司

Arthur Andersen & Co
Certified Public Accountants

21/F., Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong



Charles Chan, Ip & Fung CPA Ltd.
Certified Public Accountants
陳葉馮會計師事務所有限公司

37/F., Hennessy Centre
500 Hennessy Road
Causeway Bay
Hong Kong

16th November, 1999

The Directors
China Agrotech Holdings Limited
ICEA Capital Limited

Dear Sirs,

We have reviewed the accounting policies applied and the calculations made in arriving at the forecast of the combined profit after taxation and minority interests but before extraordinary items of China Agrotech Holdings Limited (“the Company”) and its subsidiaries (hereinafter collectively referred to as “the Group”) for the year ending 30th June, 2000 (“the forecast”), for which the directors of the Company are solely responsible, as set out in the prospectus of the Company dated 16th November, 1999. The forecast has been prepared by the directors of the Company based on the unaudited results as shown in the management accounts of the Group for the three months ended 30th September, 1999 and a forecast of the results of the Group for the remaining nine months ending 30th June, 2000.

In our opinion, the forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the bases and assumptions made by the directors of the Company as set out in Section 1 of Appendix II to the above-mentioned prospectus, and is presented on a basis consistent in all material respects with the accounting policies currently adopted by the Group as set out in our accountants’ report dated 16th November, 1999, the text of which is set out in Appendix I to the above-mentioned prospectus.

Yours faithfully,
ARTHUR ANDERSEN & CO.

Yours faithfully,
CHARLES CHAN, IP & FUNG CPA LTD.
Chan Wai Dune, Charles
Practising Certificate Number P00712

(ii) Letter from ICEA

ICEA Capital Limited
43rd Floor, NatWest Tower, Times Square,
Causeway Bay, Hong Kong

16th November, 1999

The Directors
China Agrotech Holdings Limited

Dear Sirs,

We refer to the forecast of the profit after taxation and minority interests but before extraordinary items of China Agrotech Holdings Limited (the “Company”) for the year ending 30th June, 2000 (the “forecast”) as set out in the prospectus of the Company dated 16th November, 1999.

We have discussed with you the bases and assumptions upon which the forecast has been made. We have also considered the letter dated 16th November, 1999 addressed to yourselves and ourselves from Arthur Andersen & Co. and Charles Chan, Ip & Fung CPA Ltd. regarding the accounting policies and calculations upon which the forecast has been made.

On the basis of the foregoing, the bases and assumptions made by you and the accounting policies and calculations reviewed by Arthur Andersen & Co. and Charles Chan, Ip & Fung CPA Ltd., we have formed the opinion that the forecast, for which you as directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully
For and on behalf of
ICEA Capital Limited
Meocre Li
Chief Executive