Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

上海大生農業金融科技股份有限公司

Shanghai Dasheng Agriculture Finance Technology Co., Ltd.

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 1103)

AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the announcement dated 31 March 2020 of Shanghai Dasheng Agriculture Finance Technology Co., Ltd. (上海大生農業金融科技股份有限公司) (the "**Company**", together with its subsidiaries, the "**Group**") (the "**Unaudited Results Announcement**") in respect of the unaudited annual results of the Group for the year ended 31 December 2019 (the "**Unaudited Annual Results**"). Unless otherwise stated, the terms used in this announcement shall have the same meaning as adopted in the Unaudited Results Announcement.

The Board is pleased to announce the audited annual results of the Group for the year ended 31 December 2019 (the "**Audited Annual Results**"). As certain adjustments have been made to the Unaudited Annual Results, the differences between the Unaudited Annual Results and the Audited Annual Results contained in this announcement are set out in the section headed "Material Differences between Unaudited and Audited Annual Results" in this announcement in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules. The Audited Annual Results together with the comparative figures extracted from the audited consolidated financial statements of the Group for the year ended 31 December 2018 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
Continuing operations			
Revenue	*3*		
– Contracts with customer		**1,431,676**	1,960,792
– Interest under effective interest method		**12,111**	51,078
Total revenue		**1,443,787**	2,011,870
Cost of sales		**(1,163,393)**	(1,828,094)
Gross profit		**280,394**	183,776
Other income	*4a*	**32,247**	56,820
Other gains and losses	*4b*	**(1,102)**	(34,919)
Distribution costs		**(55,522)**	(60,118)
Administrative and other expenses		**(218,055)**	(216,489)
Gain on bargain purchase		**–**	532,069
Impairment losses, net of reversal		**56,832**	(2,279,627)
Share of loss of associates		**(4,515)**	(1,914)
Loss on disposal of subsidiaries, net	*14*	**(10,708)**	(18,080)
Finance costs	*5*	**(342,254)**	(151,249)
Loss before tax		**(262,683)**	(1,989,731)
Income tax credit (expense)	*6*	**48,974**	(15,362)
Loss for the year from continuing operations	*8*	**(213,709)**	(2,005,093)
Discontinued operations			
Loss for the year from discontinued operations, net of income tax	*7*	**(640,108)**	(161,286)
Loss for the year		**(853,817)**	(2,166,379)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**1,276**	(4,125)
Items that will not be reclassified to profit or loss:			
Fair value (loss) gain on equity instruments at fair value through other comprehensive income		**(637)**	1,992
Other comprehensive income (expense) for the year, net of income tax		**639**	(2,133)
Total comprehensive expense for the year		**(853,178)**	(2,168,512)

	Notes	**2019** *RMB'000*	2018 *RMB'000*
Loss for the year attributable to owners of the Company			
– from continuing operations		**(177,217)**	(1,915,535)
– from discontinued operations		**(594,270)**	(71,247)
		(771,487)	(1,986,782)
Loss for the year attributable to non-controlling interests			
– from continuing operations		**(36,492)**	(89,558)
– from discontinued operations		**(45,838)**	(90,039)
		(82,330)	(179,597)
		(853,817)	(2,166,379)
Total comprehensive expense for the year attributable to:			
– Owners of the Company		**(770,729)**	(1,988,881)
– Non-controlling interests		**(82,449)**	(179,631)
		(853,178)	(2,168,512)
Loss per share	*10*		
From continuing and discontinued operations			
– Basic and diluted (RMB)		**(0.081)**	(0.209)
From continuing operations			
– Basic and diluted (RMB)		**(0.019)**	(0.202)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**887,087**	881,174
Right-of-use assets		**96,100**	–
Prepaid lease payments		–	97,179
Investment properties		–	–
Goodwill		–	–
Intangible assets		**14,524**	13,105
Interests in associates		**24,493**	41,300
Interests in a joint venture		–	–
Equity instruments at fair value through other comprehensive income		**10,140**	10,776
Trade and other receivables – non-current portion	*11*	**66,552**	88,003
Deferred tax assets		**376**	376
		1,099,272	1,131,913
CURRENT ASSETS			
Inventories		**268,224**	282,604
Prepaid lease payments		–	2,657
Trade and other receivables	*11*	**1,121,465**	1,271,708
Restricted bank deposits		**151,277**	211,351
Bank balances and cash		**65,222**	58,394
		1,606,188	1,826,714
Assets classified as held for sales	*7*	**3,259,843**	4,177,807
		4,866,031	6,004,521

	Notes	2019 *RMB'000*	2018 *RMB'000*
CURRENT LIABILITIES			
Trade and other payables	*12*	**1,253,747**	1,258,597
Lease liabilities		**945**	–
Contract liabilities		**282,203**	238,216
Borrowings		**2,112,786**	2,125,947
Tax liabilities		**85,598**	85,718
		3,735,279	3,708,478
Liabilities associated with assets classified as held for sale	*7*	**2,755,913**	2,617,142
		6,491,192	6,325,620
NET CURRENT LIABILITIES		**(1,625,161)**	(321,099)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(525,889)**	810,814
NON-CURRENT LIABILITIES			
Other payables – non-current portion	*12*	**4,950**	6,346
Borrowings		**139,061**	447,745
Deferred tax liabilities		**3,063**	60,304
		147,074	514,395
NET (LIABILITIES) ASSETS		**(672,963)**	296,419
CAPITAL AND RESERVES			
Share capital	*13*	**955,108**	955,108
Reserves		**(1,067,525)**	(755,858)
Equity attributable to owners of the Company		**(112,417)**	199,250
Non-controlling interests		**(560,546)**	97,169
TOTAL (DEFICIT) EQUITY		**(672,963)**	296,419

NOTES:

1. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**") and interpretations (hereinafter collectively referred to as the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Listing of Securities on The Stock Exchange of Hong Kong Limited (the " **Listing Rules**").

(b) Going concern basis

For the year ended 31 December 2019, the Group reported loss attributable to the owners of the Company of approximately RMB771,487,000 and, as of that date, the Group's current liabilities exceed its current assets of approximately RMB1,625,161,000 and net liabilities of approximately RMB672,963,000. As at 31 December 2019, the Group's total borrowings amounted to approximately RMB2,251,847,000, of which approximately RMB2,112,786,000 were classified as current liabilities, while its restricted bank deposits, bank balances and cash amounted to approximately RMB151,277,000 and RMB65,222,000, respectively.

(i) Certain outstanding debts owed to the debtors under the Jiujiang Legal Proceedings and the CEFC Legal Proceedings will be settled directly by the relevant court to the extent possible with net proceeds from the auction of the Company's 91.3% equity interests in Nantong Road and Bridge Engineering Co, Ltd. (the "**Nantong Shares**"), which had been closed on 6 January 2020 with an auction result of RMB456,320,000, the disposal of which was completed on 19 January 2020. The Company expects that such settlement(s) will be completed within the year ending 31 December 2020;

(ii) The Group commenced agrochemical products supply chain services in 2018 through Anhui Huaxing Chemical Industry Company Limited and its subsidiaries ("**Anhui Huaxing Group**") and strives to develop and enhance this continuing operations segment. For the year ended 31 December 2019, the turnover of the agrochemical products supply chain services represented 97.71% of the Group's total revenue. Further, Mr. Yan Zebin from Anhui Huaxing Group has been appointed as the executive director of the Company in June 2019. The Company is of the view that an additional member to the Board would enhance the efficiency of decision making of the Board and bring in new ideas or options for the Company to overcome the current difficulties; and

(iii) The Company is proactive in exploring possible debt restructuring opportunities, including disposal of loss-making subsidiaries, devising probable new repayment plans with debtors, reaching out for new investors etc. As disclosed in the Company's announcement dated 4 March 2019, the Company entered into an intent cooperation framework agreement dated 4 March 2019 pursuant to which the potential investor intended to invest in the Company. As at the date of this announcement, the potential investment is still pending and the Company has no other concrete investment plans.

The directors of the Company (the "**Directors**") are of the opinion that the Group would be able to have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for a period of not less than the next twelve months from 31 December 2019 after taking into consideration the above measures.

Accordingly, the Directors are of the opinion that it is appropriate to prepare these consolidated financial statements for the year ended 31 December 2019 on a going concern basis. The consolidated financial statements do not include any adjustments that would result from the failure of the Group to obtain sufficient future funding. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to reduce the carrying amounts of the assets of the Group to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 16	Lease
HK(IFRIC)-Interpretation ("**Int**") 23	Uncertainty over Income Tax Treatment
Amendments to HKFRS 9	Prepayment Features with 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 HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("**HKAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rate ranged from 4.75% to 13.90%.

	As at 1 January 2019 *RMB'000*
Operating lease commitments disclosed as at 31 December 2018	4,235
Lease liabilities discounted at relevant incremental borrowing rates	4,146
Less: Recognition exemption – short-term leases	(2,463)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 and as at 1 January 2019	**1,683**
Analysed as	
Current	**1,066**
Non-current	**617**
	1,683

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Note	**Right-of-use assets** *RMB'000*	**Prepaid lease payment** *RMB'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		1,683	–
Reclassified from prepaid lease payments	*(a)*	99,836	(99,836)
		101,519	**(99,836)**

(a) Upfront payments for leasehold lands in the PRC for own used properties were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to approximately RMB2,657,000 and RMB97,179,000 respectively, were reclassified to right-of-use assets.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amount previously reported at 31 December 2018 *RMB'000*	Adjustments *RMB'000*	**Carrying amount under HKFRS 16 at 1 January 2019** ***RMB'000***
Non-current assets			
Prepaid lease payments	97,179	(97,179)	**–**
Right-of-use assets	–	101,519	**101,519**
Current assets			
Prepaid lease payments	2,657	(2,657)	**–**
Current liabilities			
Lease liabilities	–	1,066	**1,066**
Non-current liabilities			
Lease liabilities	–	617	**617**

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs and interpretations mentioned in the consolidated financial statements, the Directors anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

3. SEGMENT INFORMATION

Information reported to the board of directors of the Company (the "**Board**"), being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group now has four reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Agricultural and petrochemical products supply chain services (including chemical fertilizers, fuel oil, mixed aromatics, white sugar, food products and frozen products)

- Financial leasing and commercial factoring

- Agricultural big-data services – provision of software related services, collection and transportation and other services, including installation and technical support of payment platform systems

- Agrochemical products supply chain services – production and sale of pesticides and chemical products

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segments:

For the year ended 31 December 2019

Continuing operations

	Agricultural and petrochemical products supply chain services *RMB'000*	**Financial leasing and commercial factoring** *RMB'000*	**Agricultural big-data services** *RMB'000*	**Agrochemical products supply chain services** *RMB'000*	**Total** *RMB'000*
Reportable segment revenue from external customers	**5,768**	**12,111**	**15,165**	**1,410,743**	**1,443,787**
Reportable segment (loss) profit	**(230,485)**	**(84,259)**	**47,670**	**53,365**	**(213,709)**

For the year ended 31 December 2018

Continuing operations

	Agricultural and petrochemical products supply chain services *RMB'000*	Financial leasing and commercial factoring *RMB'000*	Agricultural big-data services *RMB'000*	Agrochemical products supply chain services *RMB'000*	Total *RMB'000*
Reportable segment revenue from external customers	1,118,952	51,078	14,974	826,866	2,011,870
Reportable segment (loss) profit	(1,740,788)	(317,950)	(229,211)	282,856	(2,005,093)

4a. OTHER INCOME

	2019	2018
	RMB'000	*RMB'000*
Continuing operations		
Rental income *(Note a)*	**785**	3,307
Supply of utilities	**15,937**	15,968
Sales of scrap and other materials	**2,637**	8,209
Interest income	**938**	6,851
Government grants *(Note b)*	**6,243**	16,271
Referral fees	**–**	624
Others	**5,707**	5,590
	32,247	56,820

Notes:

(a) Leases

	2019
	RMB'000
For operating leases:	
Lease payments that are fixed or depend on an index or a rate	**785**

	2018
	RMB'000
Operating lease income – machinery and property	3,307

(b) The government grants are mainly incentives provided by the Anhui local government and the amount received each year is determined by the Anhui local government. There were no unfulfilled conditions or other contingencies attached to these grants.

4b. OTHER GAINS OR LOSSES

	2019 *RMB'000*	2018 *RMB'000*
Continuing operations		
Loss on disposals of property, plant and equipment	**(4,689)**	(6,956)
Written-off of trade and other receivables	**(275)**	(42,182)
Gain on disposals of right-of-use assets	**3,862**	2,412
Gain on disposals of investment properties	**–**	11,807
	(1,102)	(34,919)

5. FINANCE COSTS

	2019 *RMB'000*	2018 *RMB'000*
Continuing operations		
Interest expense on borrowings	**341,855**	149,474
Interest expense on lease liabilities	**108**	–
Others	**291**	1,775
Total finance costs	**342,254**	151,249

6. INCOME TAX (CREDIT) EXPENSES

	2019	2018
	RMB'000	*RMB'000*
Continuing operations		
Current income tax:		
PRC enterprise income tax ("**EIT**")	**7,417**	458
Under-provision in prior years, net		
EIT	**850**	12,306
	8,267	12,764
Deferred tax	**(57,241)**	2,598
	(48,974)	15,362

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

One of the Company's subsidiaries has obtained the qualification of High and New Technology Enterprise from the relevant PRC government authorities and subject to a preferential tax rate of 15%.

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No.7) Bill 2017 (the "**Bill**") which introduces 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 first HK$2 million of profits of the qualifying group entities will be taxed at 8.25% and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

7. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE

The (loss) profit for the year from discontinued operations is set out below:

	Notes	**2019** **RMB'000**	2018 *RMB'000*
(Loss) profit for the year from:			
Construction of roads and bridges operation	*(a)*	**(640,108)**	29,934
Cold chain logistics services operation	*(b)*	**–**	(191,220)
		(640,108)	(161,286)

Assets classified as held for sale is set out below:

	Notes	**2019** **RMB'000**	2018 *RMB'000*
Assets classified as held for sale related to:			
Construction of roads and bridges operation	*(a)*	**3,255,714**	3,613,278
Cold chain logistics services operation	*(b)*	**–**	527,400
Interest in associate	*(c)*	**–**	33,000
Prepaid lease payments	*(d)*	**4,129**	4,129
		3,259,843	4,177,807

Liabilities associated with assets classified as held for sale is set out below:

	Notes	**2019** **RMB'000**	2018 *RMB'000*
Liabilities associated with assets classified as held for sale related to:			
Construction of roads and bridges operation	*(a)*	**2,755,913**	2,458,369
Cold chain logistics services operation	*(b)*	**–**	158,773
		2,755,913	2,617,142

Notes:

(a) Construction of roads and bridges operation

On 5 June 2018, CEFC Shanghai Securities Limited ("**CEFC**") issued and filed a statement of claim (the "**CEFC Statement of Claim**"), against Shanghai Dasheng Agro-chemical Co., Ltd.* (上海大生農化有限公司) ("**Shanghai Agro-chemical**"), a wholly-owned subsidiary of the Company, under Shanghai No.2 Intermediate People's Court (the "**Shanghai Second Court**") for a breach of loan agreement due to default in repayment of loan in a principal amount of RMB300,000,000 and all related interests (the "**CEFC Loan**").

Pursuant to a civil mediation order (the "**CM Order**") issued by Shanghai Second Court on 22 February 2019, Shanghai Agro-chemical shall make a one-off and full payment of approximately RMB310,052,000 (including the principal amounts and related interests) and the overdue interests/advance interests and the corresponding legal fee and guarantee fee incurred, within three days from the effective date of the CM Order (the "**Repayment**").

As Shanghai Dasheng Agro-chemical failed to fulfill the Repayment under two enforcement notices dated 10 April 2019 and 12 April 2019 issued by the Shanghai Second Court that received on 18 April 2019. On 30 May 2019, the Company received an execution ruling dated 23 April 2019 issued by the Shanghai Second Court, which the Shanghai Second Court ordered, inter alia, that the Nantong Shares be sealed up, distrained, auctioned or sold.

The Company has been informed by the Shanghai Second Court that an auction announcement has been published on the public auction network (www.gpai.net) (the "**Gongpai Auction**") on 22 October 2019 to put the Nantong Shares on auction during the period from 1 December 2019 to 4 December 2019 (the "**Auction Period**') through the network platform of Gongpai Auction,

On 4 December 2019, the Company noticed from the network platform of Gongpai Auction that the auction during the Auction Period in relation to the Nantong Shares was not successful. On 10 December 2019, a second auction announcement has been published on Gongpai Auction by Shanghai Second Court putting the Nantong Shares on auction (the "**Second Auction**") during the period from 3 January 2020 to 6 January 2020 through the network platform of Gongpai Auction.

The Second Auction of the Nantong Shares, during the period from 3 January 2020 to 6 January 2020 through the network platform of Gongpai Auction, have been successfully closed with an auction result of RMB456,320,000. On 24 February 2020, the Company received an execution ruling dated 19 January 2020 from the Shanghai Second Court in relation to the successful auction of the Nantong Shares (the "**Auction Execution Ruling**"). According to the Auction Execution Ruling, the successful bidder is eligible to initiate the transfer of the Company's interest in the Nantong Shares on the date of receipt of the Auction Execution Ruling. The disposal of Nantong Shares was completed on 19 January 2020, and after such disposal, Nantong Road and Bridge was no longer a subsidiary of the Company.

The (loss) profit for the year from the discontinued construction of roads and bridges operation is set out below.

	2019	2018
	RMB'000	*RMB'000*
Revenue	**2,387,295**	2,007,963
Cost of sales	**(2,391,328)**	(1,900,981)
Other income and gains	**7,135**	10,444
Administrative and other expenses	**(21,691)**	(25,041)
(Impairment loss recognised) reversal of impairment loss on trade and other receivables, net of impairment	**(12,143)**	11,441
Impairment loss on intangible assets	**–**	(22,000)
Share of loss of a joint venture	**(725)**	(2,121)
Finance costs	**(8,573)**	(31,353)
(Loss) profit of the discontinued operation	**(40,030)**	48,352
Impairment loss on a disposal group classified as held for sale	**(663,989)**	–
(Loss) profit before tax	**(704,019)**	48,352
Income tax credit (expense)	**63,911**	(18,418)
(Loss) profit for the year	**(640,108)**	29,934

(Loss) profit for the year from discontinued construction of roads and bridges operations includes the following:

Gain on disposal of property, plant and equipment, net	**125**	16
Auditor's remuneration	**215**	19

The major classes of assets and liabilities of the construction of roads and bridges operation as at 31 December 2019, which have been presented separately in the consolidated statement of financial position, are as follows:

	2019	2018
	RMB'000	*RMB'000*
Property, plant and equipment	**62,957**	79,745
Right-of-use assets	**11,913**	–
Prepaid lease payments	**–**	8,531
Investment properties	**17,128**	20,425
Goodwill	**–**	16,930
Intangible assets	**56**	131,528
Interests in a joint venture	**121,864**	122,589
Financial assets at fair value through profit or loss	**171,000**	32,000
Equity instruments at FVTOCI	**5,000**	5,000
Trade and other receivables	**2,704,306**	2,688,261
Deferred tax assets	**60,301**	54,679
Inventories	**11,137**	76,136
Contract assets	**18,670**	96,637
Restricted bank deposits	**46,531**	107,374
Bank balances and cash	**24,851**	173,443
Assets classified as held for sale	**3,255,714**	3,613,278
Trade and other payables	**1,994,211**	1,532,388
Contract liabilities	**108,919**	87,819
Lease liabilities	**4,205**	–
Borrowings	**646,055**	770,608
Tax liabilities	**1,015**	28,880
Deferred tax liabilities	**1,508**	38,674
Liabilities related to assets classified as held for sale	**2,755,913**	2,458,369

Note:

Assets held for sale directly associated with assets held for sale above are presented after elimination of intra-group balance of approximately RMB53,091,000.

(b) Cold chain logistics services operation

On 19 June 2018, Nanjing Dasheng Cold Chain Logistics Co., Limited* (南京大生冷鏈物流股份有限公司) ("**Nanjing Dasheng**"), a non-wholly owned subsidiary of the Company, issued and filed a statement of claim (the "**Nanjing Dasheng Statement of Claim**"), against Shanghai Dasheng Agro-chemical, a wholly owned subsidiary of the Company, under Nanjing Intermediate People's Court of Jiangsu Province* (江蘇省南京市中級人民法院) ("**Nanjing Court**") for a breach of working capital loan agreement due to default in repayment of loan in a principal amount of approximately RMB209,405,000 and all related interests (the "**Nanjing Dasheng Loan**") (the "**Nanjing Dasheng Legal Proceedings**").

Pursuant to a civil mediation order issued by the Nanjing Court and settlement agreements subsequently entered into among Nanjing Dasheng, the Company and Shanghai Agro-chemical on 16 August 2018 and 30 August 2018 (collectively, the "**Civil Mediation Agreements**"), Shanghai Agro-chemical was required to repay Nanjing Dasheng approximately RMB210,500,000 in aggregate by two installments prior to 15 September 2018 and 31 December 2018, respectively.

As Shanghai Agro-chemical failed to settle the first installment prior to 15 September 2018, pursuant to the Civil Mediation Agreements, Nanjing Dasheng was entitled to apply to the Nanjing Court for immediate enforcement of claims and was entitled the priority of compensation claims against proceeds from auction or realisation of the Company's interest in the shares of Nanjing Bao Ze Equity Investment Fund Co., Limited* (南京寶澤股權投資基金股份有限公司) ("**Bao Ze**") pledged under the Nanjing Dasheng Loan for debt repayment (the "**Bao Ze Pledged Shares**").

As the Company failed to realise the Bao Ze Pledged Shares by selling to a third-party prior to 15 November 2018, according to the arrangements approved by the Nanjing Court, the Nanjing Court would initiate the auction to dispose the Bao Ze Pledged Shares to settle the outstanding debt under the Nanjing Dasheng Loan accordingly. The Company has been informed by the Nanjing Court that an auction announcement has been published on the network platform of Alibaba Judicial Auction* (sf. taobao.com) (the "**Ali Auction**") by the Nanjing Court on 15 November 2018 to put the Bao Ze Pledged Shares on auction during the period from 20 December 2018 to 21 December 2018 (the "**Auction Period**") through the network platform of Ali Auction.

On 21 December 2018, the Company noticed from the network platform of Ali Auction that the auction during the Auction Period in relation to the Bao Ze Pledged Shares was not successful. On 27 December 2018, a second auction announcement has been published on Ali Auction by the Nanjing Court putting the Bao Ze Pledged Shares on auction (the "**Second Auction**") during the period from 17 January 2019 to 18 January 2019 through the network platform of Ali Auction.

The Second Auction of the Bao Ze Pledged Shares, during the period from 17 January 2019 to 18 January 2019 through the network platform of Ali Auction, have been successfully closed. On 19 February 2019, the Company received an execution ruling dated 21 January 2019 from the Nanjing Court in relation to the successful auction of the Bao Ze Pledged Shares with an auction result of RMB188,000,000. The disposal was completed on 21 January 2019. The carrying amounts of the assets and liabilities of Bao Ze at the date of disposal are disclosed in Note 14.

The loss for the year from the discontinued cold chain logistics services operation is set out below.

	2018
	RMB'000
Revenue	69,685
Cost of sales	(42,393)
Other income and gains	5,555
Distribution costs	(1,053)
Administrative and other expenses	(31,040)
Reversal of impairment loss on trade and other receivables	1,010
Impairment loss on trade and other receivables	–
Finance costs	(6,686)
Loss of the discontinued operation	(4,922)
Impairment loss on a disposal group classified as held for sale	(188,877)
Loss before tax	(193,799)
Income tax credit	2,579
Loss for the year	(191,220)
Gain on disposal of property, plant and equipment, net	367
Auditor's remuneration	27

The major classes of assets and liabilities of the cold chain logistics services operation as at 31 December 2018, which have been presented separately in the consolidated statement of financial position, are as follows:

	2018
	RMB'000
Property, plant and equipment	39,299
Investment properties	435,845
Intangible assets	7,098
Trade and other receivables	42,660
Bank balances and cash	2,498
Assets classified as held for sale	527,400
Trade and other payables	59,815
Contract liabilities	4,333
Borrowings	53,400
Deferred tax liabilities	41,225
Liabilities related to assets classified as held for sale	158,773

(c) On 24 December 2018, Hong Kong Dasheng Agriculture Holding Company Limited ("**HK Dasheng Agriculture**"), a wholly owned subsidiary of the Company, entered into a disposal agreement (the "**Disposal Agreement I**") with the purchaser (the "**Purchaser I**"), whereby the Purchaser I has conditionally agreed to purchase and HK Dasheng Agriculture has conditionally agreed to disposal of 44% equity interests of Guowei Ruiying (Weifang) Financial Leasing Co., Limited* (國維瑞盈(濰坊)融資租賃有限公司) ("**Guowei Ruiying**") at a consideration of RMB33,000,000 (the "**Disposal I**"). The Disposal I has been classified as an asset classified as held for sale and is presented separately in the consolidated statement of financial position as at 31 December 2018. The transaction was completed on 19 January 2019.

(d) Prior to the acquisition of Anhui Huaxing Chemical Industry Company Limited ("**Anhui Huaxing**") by the Group, Anhui Huaxing entered into the disposal agreement (the "**Disposal Agreement II**") with the purchaser (the "**Purchaser II**"), whereby the Purchaser II has conditionally agreed to purchase and Anhui Huaxing has conditionally agreed to dispose of a land located in the chemical plant in Wujiang Town, the Country 和縣烏江鎮精細化工基地內 in the PRC at the consideration of RMB5,000,000 (the "**Disposal II**"). As at 31 December 2019, the Disposal II was still in progress and had proceeded with the required governmental procedures specified in the Disposal Agreement II.

The Disposal II is expected to be sold within twelve months after the reporting date, has been classified as an asset classified as held for sale and is presented separately in the consolidated statement of financial position. The net proceeds of disposal are expected to exceed the net carrying amount of the assets and accordingly, no impairment loss has been recognised.

8. LOSS FOR THE YEAR

Loss for the year from continuing operations is arrived at after charging:

	2019	2018
	RMB'000	*RMB'000*
Auditor's remuneration	**2,380**	5,107
Cost of inventories recognised as expenses	**1,143,178**	1,781,668
Amortisation of intangible assets	**2,795**	915
Depreciation of property, plant and equipment	**74,770**	66,525
Depreciation of right-of-use assets	**4,391**	–
Release of prepaid land leases	**–**	1,922
Depreciation of investment properties	–	227
Loss on written-off property, plant and equipment	**2,885**	295
Research and development costs recognised as expense	**57,617**	45,209
Operating lease rental expenses in respect of:		
– Land and buildings	**4,557**	7,104

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2019, nor has any dividend been proposed since the end of the reporting period (2018: Nil).

10. LOSS PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted loss per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

Loss figures are calculated as follows:

	2019	*2018*
	RMB'000	*RMB'000*
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(771,487)**	(1,986,782)

Number of shares

	2019	2018
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**9,551,079,812**	9,505,808,579

For continuing operations

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

Loss figures are calculated as follows:

	2019	2018
	RMB'000	*RMB'000*
Loss for the year attributable to owners of the Company	**(771,487)**	(1,986,782)
Less: Loss for the year from discontinued operations	**(594,270)**	(71,247)
Loss for the purpose of basic and diluted loss per share from continuing operations	**(177,217)**	(1,915,535)

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

For discontinued operations

Basic and diluted loss per share for the discontinued operations is RMB0.062 per share (2018: RMB0.007 per share), based on the loss for the year from the discontinued operations of RMB594,270,000 (2018: loss for the year RMB71,247,000) and the denominators detailed above for both basic and diluted earnings per share.

No diluted earnings per share for both 2019 and 2018 were presented as there were no potential ordinary shares in issue for both 2019 and 2018.

11. TRADE AND OTHER RECEIVABLES

	Notes	**2019** *RMB'000*	2018 *RMB'000*
Trade receivables		**978,540**	1,011,114
Bank notes receivable		**13,370**	1,252
Finance lease receivables	*(a)*	**156,571**	182,375
Factoring loan receivables		**2,688,903**	2,688,903
Total trade and notes receivables	*(b)*	**3,837,384**	3,883,644
Prepayments and deposits		**38,775**	46,063
Other receivables		**2,061,682**	2,303,203
Amount due from an associate		**110**	–
Amount due from a related company		**277**	–
		5,938,228	6,232,910
Less: Allowance for credit losses		**(4,750,211)**	(4,873,199)
		1,188,017	1,359,711
Classified as:			
Non-current assets		**66,552**	88,003
Current assets		**1,121,465**	1,271,708
		1,188,017	1,359,711

(a) Finance lease receivables

The gross finance lease receivables as at 31 December 2019 and 2018 are as follows:

	2019			2018		
	Minimum lease payments *RMB'000*	**Unearned finance lease income** *RMB'000*	**Present value** *RMB'000*	Minimum lease payments *RMB'000*	Unearned finance lease income *RMB'000*	Present value *RMB'000*
Within one year *(note (i))*	**35,829**	**(8,841)**	**26,988**	49,716	(4,997)	44,719
More than one year but not more than five years	**143,748**	**(14,165)**	**129,583**	149,844	(12,188)	137,656
	179,577	**(23,006)**	**156,571**	199,560	(17,185)	182,375

Note (i): Included in finance lease receivables was an amount of approximately RMB28,624,000 (2018: RMB28,924,000) loaned to related companies, the beneficial owners of which are Mr. Lan Huasheng, who is an executive Director, and Mr. Lu Tingfu, who was a supervisor and is currently a non-executive Director.

(b) Trade and notes receivables

The aging analysis of trade and notes receivables for agricultural and petrochemical products supply chain services, agricultural big-data services and agrochemical products supply chain services are prepared based on invoice dates. For the finance lease and commercial factoring, the aging analysis is based on the lease and loan commencement dates set out in the relevant contracts. The detailed aging analysis that are before impairment loss are as follows:

	2019	2018
	RMB'000	*RMB'000*
Agricultural and petrochemical products supply chain services:		
Less than 30 days	**55**	4,354
31 to 60 days	**249**	–
61 to 90 days	**–**	–
91 days to less than 1 year	**500**	150,671
1 year to less than 2 years	**155,017**	674,672
2 years to less than 3 years	**674,630**	10,467
Over 3 years	**29,257**	18,790
	859,708	858,954
Finance lease and commercial factoring:		
Less than 6 months	**26,988**	23,719
6 months to less than 1 year	**–**	1,280,730
1 year to less than 2 years	**1,274,323**	1,557,170
Over 2 years	**1,544,163**	9,659
	2,845,474	2,871,278
Agricultural big-data services:		
Less than 1 year	**–**	7,495
Over 1 year	**7,020**	–
	7,020	7,495
Agrochemical products supply chain services:		
Less than 6 months	**97,181**	40,578
6 months to less than 1 year	**27,119**	104,317
1 year to less than 2 years	**172**	706
2 years to less than 3 years	**472**	306
Over 3 years	**238**	10
	125,182	145,917
	3,837,384	3,883,644

12. TRADE AND OTHER PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables	**132,157**	179,822
Notes payable	**5,000**	40,000
	137,157	219,822
Amounts due to related companies *(note)*	**244,839**	138,537
Other payables and accruals	**876,701**	906,584
	1,258,697	1,264,943
Less: non-current portion	**(4,950)**	(6,346)
Current portion	**1,253,747**	1,258,597

Note: The amounts are interest-free, unsecured and repayable on demand.

Included in trade and other payables are trade creditors with the following aging analysis as of the end of reporting period based on invoice date:

	2019	2018
	RMB'000	*RMB'000*
Agricultural and petrochemical products supply chain services:		
Less than 6 months	**13**	196
6 months to less than 1 year	**–**	29,318
1 year to less than 2 years	**27,815**	878
2 years to less than 3 years	**–**	–
Over 3 years	**207**	199
	28,035	30,591
Agricultural big-data services:		
Less than 1 year	**407**	2,590
Over 1 year	**–**	747
	407	3,337
Agrochemical products supply chain services:		
Less than 6 months	**100,605**	172,867
6 months to less than 1 year	**1,861**	4,799
1 year to less than 2 years	**1,580**	7,665
2 years to less than 3 years	**4,150**	63
Over 3 years	**519**	500
	108,715	185,894
	137,157	219,822

13. SHARE CAPITAL

	Number of shares	Amount *RMB'000*
Ordinary shares of RMB0.1 each		
Authorised, issued and fully paid:		
At 1 January 2018	8,633,079,812	863,308
Placing of shares *(note)*	918,000,000	91,800
At 31 December 2018 and **31 December 2019**	9,551,079,812	955,108

Note:

On 27 October 2016, the Company entered into a placing agreement with a placing agent (the "**Placing Agent**"), pursuant to which the Company conditionally agreed to place through the Placing Agent, on a best efforts basis, up to 1,500,000,000 H Shares at not less than HK$0.65 per H Share in up to two tranches. An aggregate of 918,000,000 H Shares (the "**Placing Shares**") have been successfully placed through the Placing Agent at the placing price of HK$0.65 per Placing Share to Hua Shang Pearl Agriculture Investment Fund and the completion of which took place on 19 January 2018. Immediately after completion of the subscription, the registered capital of the Company became approximately RMB955,108,000 which was divided into 3,349,000,000 domestic shares and 6,202,079,812 H shares, each share having a par value of RMB0.10. The gross proceeds and net proceeds from the subscription were RMB488,158,000 and RMB475,580,000, respectively, which would be used in the development of the agricultural trading related business and repayment of the existing indebtedness of the Group.

14. DISPOSAL, DEEMED DISPOSAL AND PARTIAL DISPOSAL OF INTERESTS IN SUBSIDIARIES

For the year ended 31 December 2019

(a) Nanjing Dasheng Bao Ze Equity Investment Fund Co., Limited ("Bao Ze")

On 21 January 2019, the Group disposed of its subsidiary, Bao Ze, with an auction result of RMB188,000,000. Upon completion of the disposal in the 51% equity interest in Bao Ze, leading to loss of control of Nanjing Shengze Information Technology Co., Ltd. (南京生澤信息科技有限公司) ("**Nanjing Shengze**"). The transaction was accounted for as disposal of partial interests in subsidiary resulting in loss of control. As a result, Nanjing Shengze became the associate of the Group. The fair value of the 39.20% of retained interest in Nanjing Shengze at the date on which control was lost was regarded as the cost in initial recognition of the Group's interests in associates.

The net assets of Bao Ze and its subsidiaries ("**Bao Ze Group**") as at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:	*RMB'000*
Property, plant and equipment	39,299
Investment properties	435,845
Intangible assets	7,098
Trade and other receivables	42,660
Amount due from the Group	214,980
Bank balances and cash	2,498
Trade and other payables	(59,815)
Amounts due to the Group	(272,404)
Contract liabilities	(4,333)
Borrowings	(53,400)
Deferred tax liabilities	(41,225)
Net assets disposed of	311,203
Gain on disposal of subsidiaries:	
Auction result	188,000
Non-controlling interest	113,784
Net assets disposed of	(311,203)
Fair value of 39.20% retained equity interest held by the Group – Classified as interests in associates	9,800
Gain on disposal	381

(b) Hong Kong Dasheng Agriculture Holding Company Limited ("HK Dasheng Agriculture")

On 30 December 2019, the Group entered into a disposal agreement with an independent third party (the "**Purchaser III**"), whereby the Purchaser III has conditionally agreed to purchase and the Group has conditionally agreed to sell the entire 100% equity interests of HK Dasheng Agriculture, to the Purchaser III at a consideration of RMB1. The disposal was completed on 30 December 2019.

Upon completion of the disposal in 100% of HK Dasheng Agriculture, the Group held indirectly through Shenzhen Dasheng Financial Holding Company Limited ("**Shenzhen Dasheng Financial**"), a wholly owned subsidiary, of 64% of equity interest in Ever Fortune Financial Leasing Co. Ltd * (瑞盈信融(深圳)融資租賃有限公司) ("**Ever Fortune**"). As the Group remains its control over Shenzhen Dasheng Financial, Ever Fortune remain as subsidiary of the Company after the transaction which is then accounted for as an equity transaction.

The 64% of net assets in Ever Fortune amounted to approximately RMB447,699,000 was recognised by the Group in equity transaction reserve.

The net assets of HK Dasheng Agriculture at the date of disposal were as follows:

Consideration received:	*RMB*
Cash received	1
Analysis of assets and liabilities over which control was lost:	*RMB'000*
Trade and other receivables	23
Bank balances and cash	5
Net assets disposed of	28
Loss on disposal of a subsidiary	
Consideration	–
Release of exchange reserve upon disposal	(11,363)
Net assets disposed of	(28)
Loss on disposal	(11,391)

(c) Anhui Boyang Lubrication Technology Co., Ltd.（安徽博洋潤滑科技有限公司）("Anhui Boyang")*

With the capital injection shares by Anhui Boyang's shareholders on 29 July 2019, the Group's equity interests in Anhui Boyang has been diluted from 51% to 29%, resulting in a loss of control. Accordingly, the interest in Anhui Boyang was reclassified as interests in associates.

The assets and liabilities of Anhui Boyang were deconsolidated from the Group's consolidated statement of financial position and the interests in Anhui Boyang has been accounted for as an associate. The fair value of the 29% retained interest in Anhui Boyang at the date on which the control was lost is regarded as the cost on initial recognition of the investment in Anhui Boyang as an associate.

	RMB'000
Fair value of 29% equity interest retained	8,000

Analysis of assets and liabilities over which control as lost:	*RMB'000*
Property, plant and equipment	7,056
Other receivables	979
Bank balances and cash	373
Trade payables	(1,000)
Net assets disposed of	7,408
Gain on deemed disposal of a subsidiary	
Fair value of 29% retained equity interest held by the Group	
– classified as interests in associates	8,000
Non-controlling interests	(290)
Net assets disposed of	(7,408)
Gain on deemed disposal	302

(d) Hong Kong Dasheng Agriculture & Food Limited ("HK Dasheng A&F")

On 21 November 2018, the Group entered into a disposal agreement with an independent third party (the "**Purchaser IV**"), whereby the Purchaser IV has conditionally agreed to purchase and the Group has conditionally agreed to sell the entire 70% equity interests of HK Dasheng A&F, to the Purchaser IV at a consideration of RMB1,000,000. The disposal was completed on 21 November 2018.

Consideration received:	*RMB'000*
Cash received	839
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	100
Inventories	21,140
Trade and other receivables	48,551
Bank balances and cash	8,886
Trade and other payables	(62,136)
Net assets disposed of	16,541
Loss on disposal of a subsidiary	
Consideration received	839
Non-controlling interest	4,034
Net assets disposed of	(16,541)
Loss on disposal	(11,668)

(e) Wuhan Hualong Highway Resources Company Limited（武漢華隆公路物資有限公司） ("Wuhan Hualong")*

On 17 April 2018, the Company entered into the disposal agreement with an independent third party (the "**Purchaser V**"), whereby the Purchaser V has conditionally agreed to purchase and the Company has conditionally agreed to sell the entire equity interests of Wuhan Hualong, to the Purchaser V at a consideration of RMB4,200,000. The disposal was completed on 18 April 2018.

Consideration received:	*RMB'000*
Cash received	4,200
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	3,984
Inventories	30
Trade and other receivables	27,749
Bank balances and cash	486
Trade and other payables	(656)
Net assets disposed of	31,593
Loss on disposal of a subsidiary	
Consideration received	4,200
Net assets disposed of	(31,593)
Wavier of amount due to the Group	20,981
Loss on disposal	(6,412)

15. EVENTS AFTER THE REPORTING PERIOD

(a) On 15 January 2020, the Jiujiang Bank issued and filed a statement of claim against Ever Fortune, an indirect non-wholly owned subsidiary of the Company, under the People's Court of Nansha District, Guangzhou* (廣州市南沙區人民法院) for breach of a factoring agreement due to default in repayment of the principal and related interests by Ever Fortune. The Jiujiang Bank requested the court, among other things, to order Ever Fortune to repay a principal amount of RMB3,711,000 and related interests. Shenzhen Dasheng Finance Holding Co., Ltd.* (深圳市大生金融控股有限公司), a direct wholly-owned subsidiary of the Company and the controlling shareholder of Ever Fortune, is one of the guarantors to such factoring agreement and was also named as one of the defendants. The court hearing of the proceedings was scheduled to be held on 24 March 2020. Details of the above proceedings are set out in the Company's announcement dated 18 March 2020;

(b) On 24 February 2020, the Company received an execution ruling dated 19 January 2020 from the Shanghai Second Court in relation to the successful auction of the Nantong Shares (the "**Auction Execution Ruling**") with an auction result of RMB456,320,000. According to the Auction Execution Ruling, the successful bidder is eligible to initiate the transfer of the Company's interest in the Nantong Shares on the date of receipt of the Auction Execution Ruling. The disposal of Nantong Shares was completed on 19 January 2020, and after such disposal, Nantong Road and Bridge was no longer a subsidiary of the Company. Details are disclosed in Note 7(a); and

(c) The outbreak of novel coronavirus ("**COVID-19**") continues to spread throughout the PRC and to countries across the world. The COVID-19 has certain impact on the business operations of the Group in particular the supply chain from the PRC, and the degree of the impact depends on the situation of the epidemic preventive measures and the duration of the epidemic. The Group will monitor the developments of COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group. Up to the date of this announcement, the assessment is still in progress. Other than those disclosed above, the Group had no material events for disclosure subsequent to 31 December 2019 and up to the date of this announcement.

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Since the Unaudited Annual Results was neither audited nor agreed with the Auditors as at the date of their publication and subsequent adjustments have been made to such information, Shareholders and potential investors of the Company are advised to pay attention to certain differences between the financial information of the Unaudited and Audited Annual Results. Set forth below are principal details and reasons for the material differences in such financial information in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules.

Year ended 31 December 2019

	Audited	**Unaudited**	**Difference**
	RMB'000	*RMB'000*	*RMB'000*
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Other gains and losses	**(1,102)**	11,161	(12,263)
Impairment losses, net of reversal	**56,832**	31,820	25,012
Share of loss of associates	**(4,515)**	(34,789)	30,274
Finance costs	**(342,254)**	(197,406)	(144,848)
Loss for the year from continuing operations	**(213,709)**	(103,171)	(110,538)
Loss for the year	**(853,817)**	(743,279)	(110,538)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
CURRENT ASSETS			
Trade and other receivables	**1,121,465**	1,065,300	56,165
CURRENT LIABILITIES			
Trade and other payables	**1,253,747**	1,101,852	151,895

These differences are mainly due to:

– the reclassification of some figures in other gains and losses, impairment losses under expected credit loss model, net of reversal, share of loss of associates, finance costs, trade and other receivables and trade and other payables;

– the adjustment to the finance costs to the interest expenses on borrowings; and

– the adjustment to the expected credit losses based on more prudent judgments.

Save as disclosed in this announcement and the corresponding adjustments related to the above differences, there is no material change in other information contained in the Unaudited Results Announcement.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report of the Group's consolidated financial statements for the year ended 31 December 2019 which has included a disclaimer of option.

Basis for disclaimer of opinion

(1) Limitation of scope on prior year's scope limitation affecting opening balances, comparative figures and related disclosures

As explained in our report dated 29 March 2019 on the Group's consolidated financial statements for the year ended 31 December 2018, we were not provided with sufficient evidence to enable us to assess the balances of assets classified as held for sales and interest in an associate as at 31 December 2018 and loss on disposal of a subsidiary for the year ended 31 December 2018 was fairly stated. We qualified our opinion on the Group's consolidated financial statements for the year ended 31 December 2018 in respect of these limitations of scope accordingly.

Any adjustments found to be necessary to the opening balances as at 1 January 2019 may affect the results and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 December 2019. The comparative figures for the year ended 31 December 2018 shown in these consolidated financial statements may not comparable with the figures for the current year.

(2) Limitation of scope on gain on disposal of subsidiaries

As described in the consolidated financial statements, on 21 January 2019 (the "**Disposal Date**"), the Group completed the disposal of the 51% equity interest in a non-wholly owned subsidiary, Nanjing Bao Ze Equity Investment Fund Co., Limited* (南京寶澤股權投資基金股份有限公司) ("**Bao Ze**"), which have been classified as assets held for sale as at 31 December 2018, to an independent third party through the public auction at the consideration of RMB188,000,000.

We have not been provided with sufficient appropriate audit evidence of Bao Ze and its subsidiaries (the "**Bao Ze Group**") for the period from 1 January 2019 to the Disposal Date, and accordingly we were unable to perform any audit procedures necessary to obtain reasonable assurance regarding the completeness, accuracy, existence, valuation, ownership and classification of its net assets of approximately RMB311,203,000 as at the Disposal Date. Consequently, we were unable to satisfy ourselves as to whether the gain on disposal of approximately RMB381,000 arising thereon was fairly stated. Any adjustments found to be necessary to the above amounts would affect the amounts recorded in the consolidated statement of profit or loss and other comprehensive income in respect of the gain on disposal of the Bao Ze Group, with a corresponding effect on the gain on disposal of subsidiaries and the related disclosure thereof in the consolidated financial statements.

(3) Limitation of scope on loss on disposal of a subsidiary, impairment loss on interests in associates and share of loss of associate

As described in the consolidated financial statements, on 30 December 2019 (the "**Disposal Date 2**"), the Group completed the disposal of its interest in Shanghai Yi He Xu Sheng Financial Leasing Co., Ltd. ("**Shanghai Yi He**"), an associate of the Group, through the disposal of the equity interest in a wholly owned subsidiary, Hong Kong Dasheng Agriculture Holding Company Limited ("**HK Dasheng Agriculture**"), to an independent third party at the consideration of RMB1.

During the year ended 31 December 2019, the Group has recognised the impairment loss on interests in associates and share of loss of associates of approximately RMB31,421,000 and RMB15,000, respectively in relation to its interest in Shanghai Yi He. At a result, at the Disposal Date 2, the interests in Shanghai Yi He have been fully impaired. However, during the course of our audit, we have not been provided with sufficient information and explanations from the management of Shanghai Yi He that we considered necessary in order to enable us to satisfy ourselves as to whether the Group's share of loss of Shanghai Yi He and the impairment loss recognised for the year ended 31 December 2019 and thus the carrying amount of the interest in Shanghai Yi He as at the Disposal Date 2 are fairly stated.

Consequently, we were not able to carry out procedures which we considered necessary in order to enable us to satisfy ourselves as to whether the loss for the period and the net assets value of HK Dasheng Agriculture at the Disposal Date 2 of approximately RMB255,490,000 and approximately RMB28,000 respectively and the loss on disposal of HK Dasheng Agriculture of approximately RMB11,391,000 arising thereon are fairly stated.

Any adjustments found to be necessary to the above amounts would affect the amounts recorded in the consolidated statement of profit or loss and other comprehensive income in respect of HK Dasheng Agriculture and Shanghai Yi He, with a corresponding effect on the loss on disposal of a subsidiary, impairment loss on interests in associates and share of results of associates, and the related disclosure thereof in the consolidated financial statements.

(4) Multiple uncertainties relating to going concern

As described in Note 2 to the consolidated financial statements, the Group reported loss attributable to the owners of the Company of approximately RMB853,817,000 for the year ended 31 December 2019 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB1,625,161,000 and the Group has net liabilities of approximately RMB672,963,000. The Group's total borrowings amounted to approximately RMB2,251,847,000, of which approximately RMB2,112,786,000 were classified as current liabilities, while its restricted bank deposits and bank balances and cash amounted to approximately RMB151,277,000 and RMB65,222,000, respectively as at 31 December 2019. These conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As explained in Note 2 to the consolidated financial statements, the consolidated financial statements have been prepared by the directors of the Company (the "**Directors**") on a going concern basis, the validity of which is dependent on the Group's ability to obtain sufficient future funding. Due to the uncertainty of the Group's ability to maintain adequate future cash flows, we were unable to ascertain whether the assumptions made by the Directors in preparing the consolidated financial statements on a going concern basis are proper and appropriate.

Should the going concern assumption be inappropriate, adjustments would be necessary to reclassify all non-current assets and liabilities as current assets and liabilities respectively, write down the value of assets to their recoverable amounts and to provide for further liabilities which may arise. The consolidated financial statements have not incorporated any of these adjustments. However, the uncertainty surrounding the Group's future cash flows raises significant doubt about the Group's ability to continue as a going concern. We consider that appropriate disclosures have been made in the consolidated financial statements concerning this situation, but we are unable to obtain adequate evidence concerning the Group's ability to meet any financial obligations as and when they fall due and we consider that this material uncertainty relating to going concern basis.

We consider the cumulative effect of the above matters on the consolidated financial statements is so extreme that we have disclaimed our opinion.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS REVIEW

In 2019, the external economic and market environment remained in a haze, thereby the Group's operating strategies still focused on establishing the agrochemical products supply chain services business segment, accelerating the adjustment and reorganization of the existing businesses, while actively discussing with potential external investors about possible cooperation opportunities.

The Group has been actively managing its liquidity position and legal proceedings arisen from the Group's financial conditions as a result of the events occurred in March 2018 relating to China CEFC Energy Company Limited（中國華信能源有限公司）. In December 2019, the Company's approximate 91.3% equity interest in Nantong Road and Bridge were put on auction, and the Nantong Shares were successfully sold at the second auction in January 2020 with a revised reserve price of RMB456.32 million. Upon completion of the transfer of the Nantong Shares, Nantong Road and Bridge was no longer a subsidiary of the Company.

During the year under review, turnover of the Group was approximately RMB1,443,787,000, representing a decrease of approximately 28.24% as compared to the same period last year. Such decrease in turnover of the Group was primarily due to the stagnant state of the agricultural and petrochemical products supply chain service business segment, which is partially offset by the increasing production and satisfactory performance of agrochemical products supply chain services business segment. During the year under review, the Group recorded gross profit of approximately RMB280,394,000, representing an increase of approximately 52.57% as compared to the same period last year. Loss attributable to owners of the Company for the year was approximately RMB771,487,000, representing a decrease in loss of approximately 61.17% as compared to the same period last year.

BUSINESS OPERATIONS

The existing main businesses of the Group comprise four business sectors, namely "agrochemical products supply chain services", "agricultural big-data services", "financial leasing and commercial factoring business" and "agricultural and petrochemical products supply chain service business".

After the successful auction of the Bao Ze Pledged Shares pledged under a loan for debt repayment on 21 January 2019, the Company no longer engages in the cold chain logistics services, and the Group has removed the "cold chain logistics business" from the Group. Please refer to the announcements of the Company dated 8 July 2018, 16 October 2018, 16 November 2018, 19 December 2018, 27 December 2018, 11 February 2019 and 19 February 2019 for details.

After the successful auction of the Nantong Shares on 6 January 2020 and the completion of its disposal on 19 January 2020, the Company no longer engages in road and bridge construction, and the Group has removed the "road and bridge construction business" from the Group. Please refer to the announcements of the Company dated 29 June 2018, 1 March 2019, 30 May 2019, 23 September 2019, 18 October 2019, 22 October 2019, 4 December 2019, 10 December 2019, 6 January 2020 and 24 February 2020 for details.

AGROCHEMICAL PRODUCTS SUPPLY CHAIN SERVICES BUSINESS

In 2019, Anhui Huaxing demonstrated satisfying performance in the agrochemical products supply chain services business. As a high-tech enterprise certified by China, by virtue of its own technologies, Anhui Huaxing had managed to produce specific items that were listed in the "New and High Technology Areas with the Government's Primary Support", including pesticide technical materials such as glyphosate, fipronil, nicosulfuron, monosultap, imidacloprid, 2-methyl-4-chlorophenoxyacetic acid and so forth. Compared with the same period last year, the production and marketing of the items mentioned above assumed a steady increase. The accumulative production of Anhui Huaxing was approximately 400,000 tonnes, sales of products reached approximately 322,000 tonnes, and the achieved production-to-sale ratio was approximately 80.5%.

During the year under review, in the context of greater emphasis being applied on security and environmental protection by the PRC government, Anhui Huaxing had been committed to the research and development investment in environmental protection, with an investment of a total of approximately RMB62 million, which achieved tangible results in improving the efficiency of devices, reducing production consumption, as well as upgrading the transformation and treatment process of both waste water and waste gas. Under the guidance of the PRC governmental policies "Focus on environmental protection, maintain sales, and give full play to production efficiency", Anhui Huaxing commenced working on various aspects such as environmental protection, production, sales and scientific research, responded rapidly to market and policy changes, and maintained a stable business growth.

During the year under review, turnover of the Group's agrochemical products supply chain services was approximately RMB1,410,743,000, representing approximately 97.71% of the total turnover of the Group; the gross profit was approximately RMB269,819,000, and the gross profit margin was approximately 19.13%. The increase in the Group's turnover during the year under review was primarily attributable to the continuous production of agrochemical products during the year, which fully met the Group's production plans.

FINANCIAL LEASING AND COMMERCIAL FACTORING BUSINESS

During the year under review, turnover of the Group's financial leasing and commercial factoring business was approximately RMB12,111,000, representing approximately 0.84% of the total turnover of the Group; and the gross loss was approximately RMB2,098,000.

AGRICULTURAL BIG DATA SERVICE BUSINESS

The Group's agricultural big-data services mainly comprise the provision of software related services, including installation and technical support of payment platform systems. The major customers of this segment are wholesalers of the agricultural products in different regions of China. The major suppliers of this segment are point-of-sale (POS) machine manufacturers.

During the year under review, turnover of the Group's agricultural big-data service business was approximately RMB15,165,000, representing approximately 1.05% of the total turnover of the Group; the gross profit was approximately RMB13,151,000 and the gross profit margin was approximately 86.72%.

AGRICULTURAL AND PETROCHEMICAL PRODUCT SUPPLY CHAIN SERVICE BUSINESS

The Group's agricultural and petrochemical product supply chain services mainly comprise the trading of the agricultural and petrochemical products and is mainly operated by three subsidiaries of the Company.

During the year under review, turnover of the Group's agricultural and petrochemical products supply chain service business was approximately RMB5,768,000, representing approximately 0.40% of the total turnover of the Group; and the gross loss was approximately RMB478,000. The gross loss of the Group's agricultural and petrochemical products supply chain service business was primarily due to its stagnant performance during the year under review.

DISCONTINUED BUSINESSES

Road and Bridge Construction Business

Nantong Road and Bridge is the second largest road and bridge engineering enterprise in the Jiangsu Province, and the largest road and bridge enterprise in Nantong City. The Company was operating its road and bridge construction business in the PRC through Nantong Road and Bridge, which is a 91.3%-owned subsidiary of the Company including but not limited to road and bridge construction, municipal public utility construction, traffic safety facility construction, road maintenance, lease of construction machinery and consultancy of engineering technology.

The Shanghai Second Intermediate People's Court* (上海市第二中級人民法院) (the "**Shanghai Court**") published an auction announcement on the public auction network (www.gpai.net) ("**Gongpai Auction**") to put the Nantong Shares on auction through the network platform of Gongpai Auction for the repayment of borrowings due to Nanjing Dasheng. After the successful auction of the Nantong Shares, the Company is no longer engaged in the provision of road and bridge construction.

Cold Chain Logistics Service Business

The Group commenced its cold-chain logistics services since April 2017 through the acquisition of equity interest in Bao Ze.

The Nanjing Intermediate People's Court of Jiangsu Province* (江蘇省南京市中級人民法院) published an auction announcement on the network platform of Alibaba Judicial Auction* (sf.taobao.com) ("**Ali Auction**") to put the Bao Ze Pledged Shares on auction through the network platform of Ali Auction for the repayment of borrowings due to Nanjing Dasheng. After the successful auction of the Bao Ze Pledged Shares on 21 January 2019, the Company is no longer engaged in the provision of cold chain logistics services.

OTHER INCOME

During the year under review, the Group's other income was approximately RMB32,247,000 (2018: approximately RMB56,820,000), representing a decrease of approximately 43.25% as compared to the same period last year. The decrease in other income was primarily attributable to the decrease in income from sales of scraps and other material and government grants.

DISTRIBUTION COSTS

During the year under review, the Group's distribution costs were approximately RMB55,522,000 (2018: approximately RMB60,118,000), representing an decrease of approximately 7.64% as compared to the same period last year. The decrease in distribution costs was primarily attributable to the stagnant state of the agricultural and petrochemical products supply chain service business segment during the year under review.

ADMINISTRATIVE AND OTHER EXPENSES

For the year ended 31 December 2019, administrative and other expenses of the Group were approximately RMB218,055,000 (2018: approximately RMB216,489,000), representing a increase of approximately 0.72% as compared to the same period last year. The increase in administrative and other expenses was primarily attributable to the stagnant state of the agricultural and petrochemical products supply chain service business segment during the year under review.

IMPAIRMENT LOSSES, NET OF REVERSAL

For the year ended 31 December 2019, reversal of impairment loss on trade and other receivables amounted to approximately RMB56,832,000 (2018: impairment loss of approximately RMB2,279,627,000). Such reversal of impairment loss for the year under review was primarily attributable to certain repayments received by the Group during the year under review as compared to the significant impairment of the Group's trade and other receivables during the year ended 31 December 2018 as a result of the CEFC Events.

FINANCE COSTS

For the year ended 31 December 2019, finance costs of the Group were approximately RMB342,254,000, representing an increase of approximately 126.29% compared to RMB151,249,000 of the corresponding period last year. The increase in finance costs is primarily due to the certain borrowings that were overdue during the year under review that were not renewed or settled, which carried additional penalty interest.

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the year ended 31 December 2019, loss attributable to owners of the Group was approximately RMB771,487,000 (2018: approximately RMB1,986,782,000), representing a decrease in loss of 61.17% as compared with the corresponding period last year. The decrease in loss attributable to owners of the Group was primarily due to the significant impairment of the Group's trade and other receivables during the year ended 31 December 2018. The basic and diluted loss per share attributable to owners of the Company during the period from continuing and discontinued operations were approximately RMB0.081 (2018: approximately RMB0.209), representing a decrease in loss of 61.24% as compared with the corresponding period last year.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Capital Structure

As at 31 December 2019, the Group had total assets less current liabilities of approximately RMB(525,889,000) (31 December 2018: approximately RMB810,814,000), including non-current assets of approximately RMB1,099,272,000 (31 December 2018: RMB1,131,913,000) and net current liabilities of approximately RMB1,625,161,000 (31 December 2018: approximately RMB321,099,000).

As at 31 December 2019, the Group's equity attributable to owners of the Company was approximately RMB(112,417,000), representing a decrease of approximately 156.42% as compared to that of approximately RMB199,250,000 as at 31 December 2018, which was mainly attributable to the continuous loss making during the year.

Liquidity and Financial Resources for Continuing Operations

As at 31 December 2019 and 31 December 2018, the Group had restricted bank deposits and cash and cash equivalents of approximately RMB216,499,000 and RMB269,745,000, respectively.

As at 31 December 2019 and 31 December 2018, the Group had short-term borrowings of approximately RMB2,112,786,000 and RMB2,125,947,000, respectively.

As at 31 December 2019 and 31 December 2018, the Group had long-term borrowings of approximately RMB139,061,000 and RMB447,745,000, respectively.

As at 31 December 2019 and 31 December 2018, debt to asset ratios of the Group were approximately 111.3% and 95.8%, respectively. Debt to asset ratio was calculated as the percentage of total liabilities divided by total assets.

Foreign Exchange Risk

The Group's trade receivables were denominated in Renminbi while domestic and foreign purchases were either denominated in Renminbi or United States Dollars. As such, the Group does not have significant foreign currency exchange exposures for the time being. The management of the Group considers that no hedging or other relevant strategy is necessary currently, but will closely monitor the fluctuation of the exchange rates of the relevant foreign currencies against Renminbi.

Pledge of Assets for Continuing Operations

As at 31 December 2019, the Group's right-of-use assets (2018: payments for leasehold land held for own use under operating leases) with a net book value of approximately RMB57,211,000 (31 December 2018: approximately RMB59,124,000) were pledged as security for the Group's bank borrowings. As at 31 December 2019, property, plant and equipment with a net book value of approximately RMB420,294,000 (31 December 2018: approximately RMB460,692,000) were pledged as security for the Group's borrowings. As at 31 December 2019, the Group had restricted bank deposits of approximately RMB5,548,000 (31 December 2018: approximately RMB20,493,000) as collateral for bank borrowings and the issuance of commercial notes, performance bonds and bid bonds to customers.

EMPLOYEE INFORMATION

As at 31 December 2019, the Group had 1,352 employees (31 December 2018: 1,828 employees). During the year under review, total employees' remuneration (including Directors' remuneration) amounted to approximately RMB139,201,000 (2018: approximately RMB142,047,000). Employees' remuneration is determined by reference to industry practice as well as the performance, qualification and working experience of individual employee. Remuneration packages comprised basic salary, discretionary bonus, state-managed retirement benefit schemes for employees in the PRC and mandatory provident funds schemes for employees in Hong Kong.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 21 May 2018, the Company entered into an investment framework agreement with an independent third party and Nantong Road and Bridge, pursuant to which the Company intended to sell and such purchaser intended to purchase part of the equity interest in Nantong Road and Bridge. As Nantong Shares were put by the Shanghai Court on the first auction in December 2019, such possible disposal did not proceed. The Nantong Shares were successfully sold at the second auction in January 2020 with a revised reserve price of RMB456.32 million. On 19 January 2020, the disposal of the Nantong Shares was completed, and after such disposal, Nantong Road and Bridge was no longer a subsidiary of the Company.

On 19 June 2018, Nanjing Dasheng filed a statement of claim against Shanghai Agro-chemical for a breach of working capital loan agreement due to default in repayment of loan. On 19 February 2019, the Company received an execution ruling dated 21 January 2019 in relation to the successful auction of the Bao Ze Pledged Shares. Upon the completion of the transfer of the Bao Ze Pledged Shares, Bao Ze and its subsidiaries, which carried out the Group's cold chain logistics services operation in the PRC, would no longer be a subsidiary of the Company. The disposal of Bao Ze was completed on 21 January 2019, and after such disposal, Bao Ze was no longer a subsidiary of the Company.

INVESTMENT BY POTENTIAL INVESTOR

On 4 March 2019, the Company entered into the Framework Agreement with Gui'an Xinqu Xinxing Chanye Development Fund Management Company Limited* (貴安新區新興產業發展基金管理有限公司), pursuant to which such potential investor intends to invest in the Company. The Potential Investment may result in the Potential Investor becoming a substantial shareholder of the Company. As at the date of this announcement, the terms and conditions of the formal agreement are yet to be determined and no agreement has been reached between the Company and such potential investor in relation thereto.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Company did not have any future plans for significant investments or capital assets as at the date of this announcement, but the Company may, at any point, be negotiating potential investments when considering it is appropriate.

USE OF PROCEEDS FROM THE PLACING AND THE SUBSCRIPTION OF SHARES

The remaining proceeds of approximately HK$349.5 million of the net proceeds from the subscription of domestic shares and placing of H shares of the Company pursuant to the shareholders' approval at the extraordinary general meeting held on 20 January 2017 had been re-allocated towards the repayment of the existing indebtedness of the Group. The remaining proceeds from the 2017 Subscription and Placing had been fully utilised as intended during the reporting period. Please refer to the Company's announcement dated 18 April 2019 for details.

SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

(a) On 22 February 2019, the Shanghai Court issued a civil mediation order, ordering Shanghai Agro-chemical to make a one-off repayment of approximately RMB310,052,481.49 (including the principal amounts and related interests) and the overdue interests/advance interests and the corresponding legal fee and guarantee fee incurred.

As Shanghai Agro-chemical failed to fulfil the Repayment, pursuant to the such civil mediation order, CEFC Securities was entitled to reach an agreement with the Company for the priority of compensation claims against proceeds from auction or realisation of the Company's interest in the shares of Shanghai Agro-chemical which is under property preservation. Each of Shenzhen Dasheng, Dasheng (Fujian) and Hong Kong Dasheng shall undertake joint and several guarantee liability for the Repayment.

On 18 April 2019, the Company received two enforcement notices dated 10 April 2019 and 12 April 2019 issued by the Shanghai Court in relation to an application for compulsory enforcement action of claims made by CEFC Securities pursuant to the Civil Mediation Order. According to such enforcement notices, the Shanghai Court ordered that the Company shall repay an aggregate sum of RMB338,411,779.11 (being the principal amounts, overdue interests, compound interests, legal fees and guarantor fees). As Shanghai Agro-chemical failed to comply with its repayment obligations such enforcement notices, the Shanghai Court ordered that (i) the bank deposits of the Company, Shanghai Agro-chemical, Shenzhen Dasheng, Dasheng Fujian and Hong Kong Dasheng in the amount of RMB338,817,590.89 be frozen and appropriated; (ii) in the case of insufficient funds in their bank accounts, the assets of the Company, Shanghai Agro-chemical, Shenzhen Dasheng, Dasheng Fujian and Hong Kong Dasheng of corresponding value be sealed up, distrained, auctioned or sold; and (iii) the Nantong Shares be sealed up, distrained, auctioned or sold. As such, the Disposal did not proceed.

On 24 February 2020, the Company received the CEFC Execution Ruling dated 19 January 2020 issued by the Shanghai Court in relation to the CEFC Legal Proceedings and the successful auction of the Nantong Shares. According to the CEFC Execution Ruling, the successful bidder is eligible to initiate the transfer of the Company's interest in the Nantong Shares from the date of receipt of the CEFC Execution Ruling. Upon completion of the transfer of the Nantong Shares, Nantong Road and Bridge was no longer be a subsidiary of the Company.

The disposal of Nantong Road and Bridge was completed on 19 January 2020. Details of the above proceedings and auction are set out in the Company's announcements dated 29 June 2018, 1 March 2019, 30 May 2019, 22 October 2019, 4 December 2019, 10 December 2019, 6 January 2020 and 24 February 2020.

(b) On 14 March 2019, the Company was informed by Bank of Shanghai that, Shenzhen Dasheng, being one of the guarantors to Loans (as defined in the announcement dated 28 May 2018), has repaid RMB40 million to the Bank of Shanghai pursuant to one of the civil judgements against Shanghai Agro-chemical received by the Company on 30 October 2018. As Shenzhen Dasheng is a substantial shareholder and a connected person of the Company under the Listing Rules, the above repayment constitutes a provision of financial assistance from a connected person of the Company and hence a connected transaction under Chapter 14A of the Listing Rules. Details of such repayment are set out in the Company's announcement dated 14 March 2019.

(c) On 11 July 2019, the Company received a civil judgment dated 11 July 2019 made by the Shanghai Court in relation to the default in (i) payment of outstanding consideration for the acquisition of the entire equity interest in Shanghai Kaiyi, a direct wholly-owned subsidiary of the Company and a guarantor to the outstanding sums due by the Company to the Pledgee, which was completed on 27 July 2016 and (ii) loan owned to Mr. Wu Hongbin, Madam Yan Xiefang in an aggregate amount of approximately RMB148,796,000 and all related interests.

According to such civil judgment, the Company shall repay Mr. Wu Hongbin, Madam Yan Xiefang and the Pledgee (i) the outstanding consideration in the amount of RMB139,166,715 (together with related interests), (ii) the overdue interests, (iii) the Plaintiffs' legal fee in the amount of RMB500,000, and (iv) the Plaintiffs' property preservation liability insurance premium in the amount of RMB119,000. In the event that the Company fails to fulfil its repayment obligations set out above, the Plaintiffs are entitled to enter into an agreement with Shanghai Kaiyi, where the Plaintiffs may be compensated through the value conversion of the Shanghai Runtong Shares pledged by Shanghai Kaiyi in favour of the Pledgee under an equity pledge agreement entered into between Shanghai Kaiyi, the Pledgee and the Company dated 21 March 2018, or be compensated on a preferential basis through auction or sale of the Shanghai Runtong Shares.

The Group made an appeal application on the said civil judgment which was accepted by the Shanghai Higher People's Court* (上海市高級人民法院) on 16 September 2019.

On 19 January 2020, the Shanghai Higher People's Court issued a civil mediation order, pursuant to which the Company shall repay the Plaintiffs on or before 14 February 2020 (i) the consideration of RMB129,166,715; (ii) the overdue interests on the consideration of RMB129,166,715 at the rate of 8% per annum accrued from 10 October 2018 up to the date of repayment; (iii) the Plaintiffs' legal fee of RMB500,000; and (iv) the Plaintiffs' property preservation liability insurance premium of RMB119,000. In the event that the Company fail to fulfil its repayment obligations set out under the civil mediation order, the Plaintiffs are entitled to enter into an agreement with Shanghai Kaiyi, where the Plaintiffs may be compensated through the value conversion of the Shanghai Runtong Shares pledged by Shanghai Kaiyi in favour of the Pledgee, or be compensated on a preferential basis through auction or sale of the Shanghai Runtong Shares.

As at the date of this announcement, no auction procedure or realisation of the Shanghai Runtong Shares had been initiated. Details of the Zhiying Legal Proceedings are set out in the Company's announcement dated 11 July 2019 and 22 January 2020.

d) On 4 September 2019, the Jiujiang Bank issued and filed a statement of claim against the Company under the Guangzhou Court for breach of loan agreement due to the Company being named "a dishonest person subject to enforcement" and the deterioration of the Company's financial condition, which constitute an event of default under the loan agreement dated 18 August 2017 entered into between the Jiujiang Bank and the Company with a pledge of approximately 91.3% equity interest in Nantong Road and Bridge for the said loan under a pledge agreement entered into on the same date. The Jiujiang Bank requested the court, among other things, to order the Company to repay the said loan in an aggregate principal amount of RMB387.99 million and all related interests, and the Jiujiang Bank to be entitled the priority of compensation claims against proceeds from the realisation of the Nantong Shares.

On 15 October 2019, the Guangzhou Court issued a civil mediation order, pursuant to which the Jiujiang Bank and the defendants to the Jiujiang Legal Proceedings, namely, the Company, Shenzhen Dasheng, Dasheng Fujian, Mr. Lan Huasheng, being an executive Director and chairman of the Board, and Mr. Lu Tingfu, being a non-executive Director, have agreed, among other things, that the Company shall repay the Jiujiang Bank an aggregate amount of RMB413,069,960.42 (inclusive of the principal amount of the Loan and all related interests accrued up till 25 September 2019) together with the legal fees and ancillary fees incurred by the Jiujiang Bank in one lump sum by 22 October 2019. In the case where the Company fails to settle the above repayment by 22 October 2019, the Jiujiang Bank is entitled to the priority of compensation claims against proceeds from the realisation of the Nantong Shares.

As the Company failed to settle the said repayment by 22 October 2019, the Jiujiang Bank is entitled to the priority of compensation claims against proceeds from the realisation of the Company's interest in Nantong Road and Bridge. The Nantong Shares were put on auction on the public auction network (www.gpai.net) by the court during the period between 3 January 2020 and 6 January 2020, with a revised reserve price of RMB456.32 million, which was successfully closed with an auction result of RMB456.32 million on 6 January 2020.

The disposal of Nantong Road and Bridge was completed on 19 January 2020. Details of the Jiujiang Legal Proceedings and auction are set out in the Company's announcements dated 23 September 2019, 18 October 2019, 22 October 2019, 4 December 2019, 10 December 2019, 6 January 2020 and 24 February 2020.

e) On 15 January 2020, the Jiujiang Bank issued and filed a statement of claim against Ever Fortune, an indirect non-wholly owned subsidiary of the Company, under the People's Court of Nansha District, Guangzhou* (廣州市南沙區人民法院) for breach of a factoring agreement due to default in repayment of the principal and related interests by Ever Fortune. The Jiujiang Bank requested the court, among other things, to order Ever Fortune to repay a principal amount of RMB3,711,000 and related interests. Shenzhen Dasheng Finance Holding Co., Ltd.* (深圳市大生金融控股有限公司), a direct wholly-owned subsidiary of the Company and the controlling shareholder of Ever Fortune, is one of the guarantors to such factoring agreement and was also named as one of the defendants. The court hearing of the proceedings was scheduled to be held on 24 March 2020. As at the date of this announcement, the Company had not received any judgment in relation to such proceedings.

Details of the above proceedings are set out in the Company's announcements dated 18 March 2020.

f) On 16 January 2020, the Company received a civil judgment dated 19 December 2019 made by the Gansu Provincial Higher People's Court* (甘肅省高級人民法院) in relation to the Second CEFC Legal Proceedings (as defined in the announcement dated 4 September 2018). According to such civil judgment, the Company shall repay CEFC Securities, (i) the principal amount of the loan of RMB300 million; (ii) relevant overdue interest of RMB10,731,945.21; (iii) relevant compound interest of RMB51,680.93; (iv) relevant penalty interest of RMB1,444,684.93; and (v) CEFC Shanghai's legal fees of RMB350,000. The guarantors to the loan, namely, Shenzhen Dasheng, Dasheng Fujian and Hong Kong Dasheng Investment Holdings Company Limited (香港大生投資控股有限公司) shall undertake joint and several guarantee liability for the repayment obligations of the Company under (i) to (v) mentioned above. In the event that the Company fail to fulfil its repayment obligations set out above, CEFC Securities is entitled to the priority of compensation claims against the Company's pledge of account receivables from two independent third parties of approximately RMB406 million, and the interest to be repaid shall be doubled. As at the date of this announcement, the Company did not make an appeal application on such civil judgment.

Details of the above proceedings are set out in the Company's announcements dated 16 January 2020.

THE BOARD AND THE AUDIT COMMITTEE'S VIEW AND THE PLAN TO ADDRESS THE DISCLAIMER OF OPINION

As set out above, the Auditors, Asian Alliance (HK) CPA Limited, have issued a disclaimer of opinion on four aspects, namely (1) limitation of scope on prior year's scope limitation affecting opening balances, comparative figures and related disclosures; (2) limitation of scope on gain on disposal of subsidiaries; (3) limitation of scope on loss on disposal of a subsidiary, impairment loss on interests in associates and share of loss of associates; and (4) multiple uncertainties in relation to going concern. The Company has discussed such disclaimer of opinion and its action plans (if applicable) with the Auditors.

(1) Limitation of scope on prior year's scope limitation affecting opening balances, comparative figures and related disclosures

As disclosed in the Company's announcement dated 6 August 2019, the qualified opinion on consolidated statement of profit and loss for the year ended 31 December 2018 would have carryforward effect for the year ended 31 December 2019 as a result of the comparability of the 2019 figures and the corresponding 2018 figures. Such qualified opinion on the 2018 Financial Statements would not have carryforward effect for the year ending 31 December 2020.

The Management has discussed with the Auditors and confirmed that since the Auditors expressed a disclaimer of opinion on the 2019 figures of the Group, this will have carryforward impact on the Company's annual results for the year ending 31 December 2020 as the 2019 figures will form the basis for the corresponding figures presented in the consolidated financial statements for the year ending 31 December 2020.

(2) Limitation of scope on gain on disposal of subsidiaries

The Management has been using its best endeavours to discuss and liaise and arrange with Bao Ze Group for a long period of time since January 2020 in relation to the provision of relevant information and supporting documents for the Auditors to perform the necessary audit procedures. The Company was informed by Bao Ze Group that time was required to go through internal approval process to provide the Auditors with certain audit documentation requested for, particularly in light of the coronavirus disease outbreak, which disrupted Bao Ze Group's internal approval process. However, Bao Ze Group did not manage to provide such audit documentation to the Auditors and the Company prior to the publication of this announcement.

As the disposal of Bao Ze was completed during the year ended 31 December 2019, as discussed with the Auditors, the Management is of the view that the limitation of scope is a one-off incident, which will only affect the comparative figures but not the opening balance on the consolidated financial statements for the year ending 31 December 2020.

(3) Limitation of scope on loss on disposal of a subsidiary, impairment loss on interest in associates and share of loss of associates

During the year ended 31 December 2019, in order to remove the audit qualification in relation to the limitation of scope on interest in an associate during the year ended 31 December 2018, the Company transferred its 100% equity interest in HK Dasheng Agriculture, a subsidiary of the Company prior to such transfer and a shareholder of Shanghai Yi He, so as to remove such audit qualification in the Group's results for the year ending 31 December 2020.

After the completion of the disposal of HK Dasheng Agriculture, it was no longer a subsidiary of the Company and hence, the Company was not in possession of relevant financial information requested by the Auditors. The Management has been using its best endeavours to discuss and liaise and arrange with HK Dasheng Agriculture since January 2020 in relation to the provision of relevant information and supporting documents for the Auditors to perform the necessary audit procedures but the management of HK Dasheng Agriculture failed to provide all integral financial information of Shanghai Yi He requested by the Auditors in relation to the year ended 31 December 2019.

As the disposal of HK Dasheng Agriculture was completed during the year ended 31 December 2019, as discussed with the Auditors, the Management is of the view that the limitation of scope is a one-off incident, which will only affect the comparative figures but not the opening balance on the consolidated financial statements for the year ending 31 December 2020.

(4) Multiple uncertainties in relation to going concern

As at the date of this announcement, the outstanding material debts from the Group's agricultural and petrochemical products supply chain services business remain stable and had not been called for repayment yet. However, the Company is of the view that, there is no further room for negotiation with the debtors on the probable settlement of the outstanding material debts (including extension/ renewal/refinancing/cash repayment/debt conversion to equity etc.) from the remaining business operations of the Group. The Company shall explore other ways to handle the outstanding debts. The Company's action plans to settle its total borrowings of approximately RMB2.25 billion as at 31 December 2019 are as follows:

- certain outstanding debts owed to the debtors under the Jiujiang Legal Proceedings and the CEFC Legal Proceedings will be settled directly by the relevant court to the extent possible with net proceeds from the auction of the Nantong Shares, which had been closed on 6 January 2020 with an auction result of RMB456.32 million, the disposal of which was completed on 19 January 2020. The Company expects that such settlement(s) will be completed within the year ending 31 December 2020;

- the Company will continue negotiating with Shenzhen Dasheng, the substantial shareholder of the Company, to gain financial support from it and offset debts owed by the Company to other third parties of which Shenzhen Dasheng is the guarantor to such debt. Nevertheless, Shenzhen Dasheng's willingness and ability to provide such support remains uncertain and is out of the Company's control;

- the Group commenced agrochemical products supply chain services in 2018 through Anhui Huaxing Group and strives to develop and enhance this continuing operations segment. For the year ended 31 December 2019, the turnover of the agrochemical products supply chain services represented 97.71% of the Group's total revenue. Further, Mr. Yan Zebin from Anhui Huaxing Group has been appointed as a new executive Director in June 2019. The Company is of the view that an additional member to the Board would enhance the efficiency of decision making of the Board and bring in new ideas or options for the Company to overcome the current difficulties; and

- the Company is proactive in exploring possible debt restructuring opportunities, including disposal of loss-making subsidiaries, devising probable new repayment plans with debtors, reaching out for new investors etc. As disclosed in the Company's announcement dated 4 March 2019, the Company entered into the Framework Agreement on the same date pursuant to which the Potential Investor intended to invest in the Company. As at the date of this announcement, the Potential Investment is still pending and the Company has no other concrete investment plans.

The Company will keep its shareholders and investors informed of developments in relation to the Group's business operation and financial position, investment plans, the legal proceedings and other matters by way of further announcement(s) as and when appropriate.

PROSPECTS

There were both opportunities and challenges for us in 2019 and in the first quarter of 2020 as we have seen market turbulence and uncertainties due to certain macro-economic factors, for instance, the slowdown of China GDP growth, the US-China trade war and the outbreak of the coronavirus disease (COVID-19). Nonetheless, we are generally optimistic about the long-term prospect of our agrochemical products supply chain industry and our business. Whilst we expect that the outbreak of the coronavirus disease would bring short-term negative impacts on economic activities in China in the first quarter of 2020, Anhui Huaxing will continue to focus its resources on the development of "clean, smart, green" production, and at the same time will also focus on technological innovation, targeting ester materials as its key transformational development, increase the output value of chemical new materials segment, seek to achieve an increase of 8-10 percentage points on the output value of green smart glyphosate preparation segment in order to compensate the declined benefits resulting from the original drug reduction of glyphosate, as well as create a sustainable enterprise with green benchmark.

In addressing the adverse impact resulted from any uncertainties on dampening the industry recovery pace, the Group will adapt to the situation and continue to promote the prevention and mitigation of existing risks. Based on the external market environment and the actual operating conditions of the Group, we will accelerate the restructuring of our current business and focus resources on developing our core business and explore new opportunities.

CORPORATE GOVERNANCE

Corporate Governance Code

The Board is of the view that throughout the year ended 31 December 2019, the Company has complied with the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules.

On 3 February 2020, Mr. Zhou Jianhao, an independent non-executive Director, the chairman of the remuneration and assessment committee, a member of the nomination committee and a member of the audit committee, passed away due to ill health. Following the passing of Mr. Zhou, the Board comprises six members, including three executive directors, one non-executive director and two independent non-executive directors, with the number of independent non-executive directors falling below the minimum number of three as required under Rule 3.10(1) of the Listing Rules. The Company has been identifying a suitable candidate as an independent non-executive Director to fill the vacancy with the relevant appointment to be made within three months from the date of passing of Mr. Zhou as required under Rule 3.10(1) of the Listing Rules.

On 28 April 2020, the Board proposed to appoint Mr. Liu Jun as an independent non-executive Director, which is subject to approval by the shareholders of the Company at the annual general meeting to be held on 30 June 2020 by way of an ordinary resolution according to the articles of association of the Company. For details, please refer to the Company's announcement dated 28 April 2020.

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' and supervisors' securities transactions. Having made specific enquiry, all the incumbent Directors and the Supervisors confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2019.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee has adopted the terms of reference of the Audit Committee aligned with the code provisions in the CG Code. The primary duties of the Audit Committee are to review and monitor the financial reporting process and internal controls system of the Group as well as overseeing the relationship with the Company's external auditors. The Audit Committee comprises two independent non-executive Directors, namely, Mr. Chung Cheuk Ming and Mr. Yang Gaoyu and a non-executive Director, namely, Mr. Lu Tingfu. The chairman of the Audit Committee is Mr. Chung Cheuk Ming.

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group, the internal control procedures, and the audited results of the Company for the year ended 31 December 2019, and has met with the external auditors and discussed the financial matters of the Group that arose during the course of audit for the year ended 31 December 2019. The Audit Committee has confirmed the audited annual results of the Group for the year ended 31 December 2019 set out in this announcement.

SCOPE OF WORK OF ASIAN ALLIANCE (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by the Group's auditors, Asian Alliance (HK) CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Asian Alliance (HK) CPA Limited 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Asian Alliance (HK) CPA Limited on this announcement.

DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2019 (2018: Nil).

CHANGE OF DIRECTORS AND BOARD COMMITTEE MEMBERS

The change of Directors during the year ended 31 December 2019 and as at the date of this announcement are as follows:

On 1 March 2019, Mr. Zhu Tianxiang resigned from his position as a non-executive Director and ceased to hold any other position with the Group, and ceased to be a member of the audit committee of the Board.

On 20 June 2019, members of the fifth session of the Board, namely, Mr. Lan Huasheng, Mr. Wang Liguo, Mr. Chung Cheuk Ming, Mr. Yang Gaoyu and Mr. Zhou Jianhao were re-elected as Directors of the sixth session of the Board, and Mr. Yan Zebin and Mr. Lu Tingfu were elected and appointed as Directors of the sixth session of the Board.

On 3 February 2020, following the passing of Mr. Zhou Jianhao, the independent non-executive Director, Mr. Yang Gaoyu, the independent non-executive Director and Mr. Lu Tingfu, the non-executive Director, have been appointed as the Chairman and a member of the remuneration and assessment committee, respectively.

On 28 April 2020, the Board proposed to appoint Mr. Liu Jun as an independent non-executive Director, which is subject to approval by the shareholders of the Company at the annual general meeting to be held on 30 June 2020 by way of an ordinary resolution according to the articles of association of the Company.

CHANGE OF SUPERVISORS

The changes of Supervisors during the year ended 31 December 2019 are as follows:

On 20 June 2019, (i) Ms. Ye Mingzhu, was re-elected as independent Supervisor of the sixth session of the Supervisory Committee, (ii) Mr. Zheng Yong and Mr. Zhao Xufeng were elected and appointed as a shareholders' representative Supervisor and an independent Supervisor of the sixth session of the supervisory committee of the Company; and (iii) Ms. Sun Ting and Mr. Wang Bin were democratically elected as staff representative Supervisors.

Mr. Lu Tingfu, who has been appointed as a non-executive Director, retired, upon the conclusion of the annual general meeting of the Company held on 20 June 2019, from his position as the shareholders' representative Supervisor of the fifth session of the supervisory committee of the Company.

Ms. Chen Yuanling, retired, upon the conclusion of the annual general meeting of the Company held on 20 June 2019, from her position as the independent Supervisor of the fifth session of the supervisory committee of the Company.

CHANGE OF CHIEF EXECUTIVE OFFICER AND COMPANY SECRETARY

Ms. Lo Suet Fan resigned as the company secretary of the Company on 8 December 2018. Mr. Qian Di was appointed as the company secretary of the Company with effect from 1 February 2019 and the Company has complied with Rules 3.28 and 8.17 of the Listing Rules since then.

Mr. Qian Di has resigned as the acting chief executive officer of the Company with effect from 11 February 2019 and Mr. Wang Liguo, an executive director and the vice president of the Company, has been appointed as the chief executive officer of the Company with effect from the same date.

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN THE PRC

The Company's principal place of business in the PRC has been changed to 20F, Building G, Gateway International Plaza, No. 327 Tian Yao Qiao Road, Xuhui District, Shanghai, PRC, with effect from 14 January 2019.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Tuesday, 30 June 2020. A notice convening the AGM is expected to be published and dispatched to the shareholders of the Company in due course in accordance with the requirements of the Listing Rules. For the purpose of determining shareholders' entitlements to attend and vote at the AGM, the registration in the register of members of the Company will be closed from Sunday, 31 May 2020 to Tuesday, 30 June 2020, both days inclusive. During such period, no transfer of shares will be effected. In order to establish the right to attend and vote at the AGM, all transfer documents accompanied by the relevant H share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 29 May 2020. Shareholders whose names appear on the register of members of the Company on Sunday, 31 May 2020 will be entitled to attend and vote at the AGM.

PUBLICATION OF ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.dsgd-sh.co). The 2019 annual report containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company on or before 15 May 2020 and despatched to the shareholders.

By order of the Board
Shanghai Dasheng Agriculture Finance Technology Co., Ltd.
Lan Huasheng
Chairman

Shanghai, PRC, 7 May 2020

As at the date of this announcement, the Board comprises three executive directors: Mr. Lan Huasheng, Mr. Wang Liguo and Mr. Yan Zebin; one non-executive director: Mr. Lu Tingfu; and two independent non-executive directors: Mr. Chung Cheuk Ming and Mr. Yang Gaoyu.

* *For identification purpose only*