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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)

SUPPLEMENTAL ANNOUNCEMENT TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the annual report for the year ended 31 December 2019 (the “**2019 Annual Report**”) of Shanghai Dasheng Agriculture Finance Technology Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) published on 15 May 2020. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the 2019 Annual Report.

DISCLOSURE ON GOING CONCERN UNCERTAINTIES IN CORPORATE GOVERNANCE REPORT

The Directors are aware that the Group reported loss attributable to the owners of the Company of approximately RMB771.5 million for the year ended 31 December 2019 and, as at 31 December 2019, the Group’s current liabilities exceeded its current assets by approximately RMB1,625.2 million and the Group had net liabilities of approximately RMB673.0 million. The Group’s total borrowings amounted to approximately RMB2,251.8 million, of which approximately RMB2,112.8 million were classified as current liabilities, while its restricted bank deposits and bank balances and cash amounted to approximately RMB151.3 million and RMB65.2 million, respectively, as at 31 December 2019. These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern.

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 measures as set out in Note 2 to the consolidated financial statements. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2019 on a going concern basis.

The Company's action plans to settle its total borrowings of approximately RMB1.85 billion as at 30 June 2020 are as follows:

- the Group commenced agrochemical products supply chain services in 2018 through the acquisition of Anhui Huaxing Group and strives to develop and enhance this continuing operations segment. For the six months ended 30 June 2020, Anhui Huaxing recorded positive operating cash flow. The Company is of the view that Anhui Huaxing would further improve the Group's liquidity going forward; 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 an intent cooperation framework agreement regarding the Potential Investment. As at the date of this announcement, the Potential Investment is still pending and the Company has no other concrete investment plans.

Further discussion on the Group's going concern uncertainties has been set out in the "Report of the Board of Directors – Audit Qualifications for the Year Ended 31 December 2019", the "Independent Auditor's Report – Basis for Disclaimer of Opinion" and "Note 2 – Basis of Preparation – Going concern basis" to the consolidated financial statements in the 2019 Annual Report.

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

Shanghai, PRC, 10 September 2020

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