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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board of directors (the “**Board**”) and 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**”) is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2022 together with the comparative figures for the year ended 31 December 2021 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	<i>Notes</i>	2022 RMB'000	2021 RMB'000
Continuing operations			
Revenue	3		
— Contracts with customer		—	936,940
Cost of sales		<u>—</u>	<u>(747,864)</u>
Gross profit		—	189,076
Other income	4a	1,179	33,501
Other gains and losses, net	4b	(1,454,546)	(3,587)
Distribution costs		—	(35,000)
Administrative and other expenses		(11,366)	(224,747)
Reversal of impairment loss (impairment loss), net		3,998	(150,832)
Share of loss of associates		(1,330)	(3,034)
Loss on deconsolidation of subsidiaries	15	—	(700,402)
Loss on disposal of subsidiaries	14	—	(36,566)
Finance costs	5	<u>(173,748)</u>	<u>(183,651)</u>
Loss before tax		(1,635,813)	(1,115,242)
Income tax expenses	6	<u>(6)</u>	<u>(10,238)</u>
Loss for the year from continuing operations	8	(1,635,819)	(1,125,480)
Discontinued operations			
Gain for the year from discontinued operations, net of income tax	7	<u>—</u>	<u>572</u>
Loss for the year		<u>(1,635,819)</u>	<u>(1,124,908)</u>
Other comprehensive expense			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(1,312)</u>	<u>(567)</u>
Other comprehensive expense for the year, net of income tax		<u>(1,312)</u>	<u>(567)</u>
Total comprehensive expense for the year		<u>(1,637,131)</u>	<u>(1,125,475)</u>

	<i>Note</i>	2022 RMB'000	2021 <i>RMB'000</i>
(Loss) profit for the year attributable to owners of the Company			
— from continuing operations		(1,635,927)	(1,125,599)
— from discontinued operations		<u>—</u>	<u>457</u>
		<u>(1,635,927)</u>	<u>(1,125,142)</u>
Profit for the year attributable to non-controlling interests			
— from continuing operations		108	119
— from discontinued operations		<u>—</u>	<u>115</u>
		<u>108</u>	<u>234</u>
		<u>(1,635,819)</u>	<u>(1,124,908)</u>
Total comprehensive (expense) income for the year attributable to:			
— Owners of the Company		(1,637,239)	(1,125,709)
— Non-controlling interests		<u>108</u>	<u>234</u>
		<u>(1,637,131)</u>	<u>(1,125,475)</u>
Loss per share			
	<i>10</i>		
From continuing and discontinued operations			
— Basic (RMB)		(0.171)	(0.118)
— Diluted (RMB)		<u>N/A</u>	<u>N/A</u>
From continuing operations			
— Basic (RMB)		(0.171)	(0.118)
— Diluted (RMB)		<u>N/A</u>	<u>N/A</u>

Consolidated Statement of Financial Position

At 31 December 2022

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		23	21
Right-of-use assets		—	—
Intangible assets		—	—
Interests in associates		2,293	3,623
		2,316	3,644
CURRENT ASSETS			
Trade and other receivables	<i>11</i>	—	—
Restricted bank deposits		64	43
Cash and cash equivalents		483	4,272
		547	4,315
CURRENT LIABILITIES			
Trade and other payables	<i>12</i>	2,549,235	891,372
Contract liabilities		—	108,101
Borrowings		1,238,428	1,156,155
Tax liabilities		54,605	54,605
		3,842,268	2,210,233
NET CURRENT LIABILITIES		(3,841,721)	(2,205,918)
TOTAL ASSETS LESS CURRENT LIABILITIES		(3,839,405)	(2,202,274)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		—	—
NET LIABILITIES		(3,839,405)	(2,202,274)

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
CAPITAL AND RESERVES			
Share capital	<i>13</i>	955,108	955,108
Reserves		<u>(4,794,137)</u>	<u>(3,156,898)</u>
Equity attributable to owners of the Company		(3,839,029)	(2,201,790)
Non-controlling interests		<u>(376)</u>	<u>(484)</u>
TOTAL DEFICIT		<u>(3,839,405)</u>	<u>(2,202,274)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(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**”) 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”).

(b) Suspension of trading in the H shares of the Company

Since 11 February 2022, the trading of the H shares of the Company (the “**H Shares**”) has been suspended. On 27 April 2022 and 29 March 2023, the Company received the first and second resumption guidance (the “**Resumption Guidance**”) from the Stock Exchange for the resumption of trading in the H Shares, in which the Stock Exchange has set out the following guidance:

- (i) address the issues giving rise to the disclaimer of opinion on the annual results of the Company for the year ended 31 December 2021, provide comfort that the disclaimer of opinion in respect of such issues would no longer be required, and disclose sufficient information to enable investors to make an informed assessment of the Company’s financial positions as required under Rule 13.50A of the Listing Rules;
- (ii) have the bankruptcy restructuring application against the Company withdrawn or dismissed (or the bankruptcy restructuring completed) and the appointment of the Administrator (defined in below) discharged;
- (iii) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules; and
- (iv) announce all material information for the Company’s shareholders and investors to appraise the Company’s position.

If the Company fails to remedy the issue(s) causing its trading suspension, fulfill the Resumption Guidance and fully comply with the Listing Rules to the Stock Exchange’s satisfaction and resume trading in its shares by 10 August 2023, the Listing Division of the Stock Exchange will recommend the Listing Committee of the Stock Exchange to proceed with the cancellation of the Company’s listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, when appropriate.

(c) The bankruptcy restructuring of the Company (the “**Bankruptcy Restructuring**”)

On 29 September 2022, the Company received a notice issued by the Shanghai Third Intermediate People’s Court* (上海市第三中級人民法院) of the PRC (the “**Shanghai Third Court**”) in relation to an application for bankruptcy restructuring (the “**Application**”) filed against the Company by Shanghai Tingdong Industrial Co., Ltd.* (上海庭棟實業有限公司) (the “**Shanghai Tingdong**”) on the ground that the Company is unable to repay the debts falling due. The Application against the Company involved an outstanding amount of approximately RMB71.84 million.

* For identification purpose only

The Company was informed that the Shanghai Third Court has given a civil ruling on 19 January 2023. According to the civil ruling, the Shanghai Third Court has accepted the Application against the Company with the outstanding amount due to the Shanghai Tingdong of approximately RMB71.84 million.

The Company was then informed that the Shanghai Third Court has given a decision on 3 February 2023 regarding the appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the administrator (the “**Administrator**”) for the Bankruptcy Restructuring. According to the Enterprise Bankruptcy Law of the PRC (企業破產法) (the “**Enterprise Bankruptcy Law**”), the Administrator shall perform the following duties: (1) taking over the property, seals, account books, documents and other data of the debtor; (2) investigating into the financial position of the debtor and preparing a report on such position; (3) deciding on matters of internal management of the debtor; (4) deciding on the day-to-day expenses and other necessary expenditures of the debtor; (5) deciding, before the first creditors’ meeting is held, to continue or suspend the debtor’s business; (6) managing and disposing of the debtor’s property; (7) participating in legal actions, arbitrations or any other legal procedure on behalf of the debtor; (8) proposing to hold creditors’ meetings; and (9) performing other duties that the Shanghai Third Court deems that it should. Upon the appointment of the Administrator, the powers of the directors of the Company (the “**Directors**”) were suspended with regard to the affairs and business of the Company. The debt declaration period is from the date of the approval of Application by the Shanghai Third Court to 3 April 2023.

The Administrator is responsible for the accuracy and completeness of the contents of the annual report and the audited consolidated financial statements for the year ended 31 December 2022 in relation to (i) the affairs of the Group after the appointment of the Administrator; and (ii) the preparation of the contents of the audited consolidated financial statements for the year ended 31 December 2022 based on the books and records made available to the Administrator.

Save as addressed above, the Administrator make no representation as to the completeness and accuracy of the information contained in these consolidated financial statements.

The Administrator has conducted a public recruitment of potential bankruptcy restructuring investors under the supervision of the Shanghai Third Court. On 10 May 2023, the Administrator has confirmed the qualification of a joint potential bankruptcy restructuring investors (the “**Bankruptcy Restructuring Investors**”) which had completed the registration, submitted its bankruptcy restructuring proposal (the “**Bankruptcy Restructuring Proposal**”), and settled the required registration deposit, and the Administrator has proposed the Bankruptcy Restructuring Proposal to creditors.

The Bankruptcy Restructuring Proposal includes an investment from the Bankruptcy Restructuring Investors to the Company for the settlement of debts. Creditors of secured claims and ordinary claims of the Company would be entitled to elect between cash consideration or loan capitalisation of H Shares on a pro rata basis based on the amounts of their claims which confirmed by the Shanghai Third Court under the Bankruptcy Restructuring. Pursuant to Article 94 of the Enterprise Bankruptcy Law, the Company will no longer bear its responsibility for the repayment of debts relieved by the Bankruptcy Restructuring upon the completion of Bankruptcy Restructuring Proposal.

The Administrator proposed the Bankruptcy Restructuring Proposal to creditors at the first creditors’ meeting held on 18 April 2023.

On 31 May 2023, a special resolution is duly passed by the shareholders of the Company (the “**Shareholders**”) to approve the Bankruptcy Restructuring Proposal involving issue of H Shares under specific mandate.

On 2 June 2023, the Administrator applied to the Shanghai Third Court for its approval of the Bankruptcy Restructuring Proposal in accordance with the result of the above creditors’ meeting. On 9 June 2023, the Company received a civil ruling dated 9 June 2023 from the Shanghai Third Court which confirmed the approval of the Bankruptcy Restructuring Proposal by the Shanghai Third Court, and the bankruptcy restructuring procedure is therefore terminated in accordance with Clauses 2 and 3 of Article 87 of the Enterprise Bankruptcy Law.

The Bankruptcy Restructuring Proposal will be implemented by the Company and its implementation will be monitored by the Administrator. The implementation period of the Bankruptcy Restructuring Proposal will last from the date of the approval of the Bankruptcy Restructuring Proposal by the Shanghai Third Court to the date of the completion of the Bankruptcy Restructuring Proposal (i.e. the fulfillment of all the conditions of the Bankruptcy Restructuring Proposal).

The implementation and supervision period of the Bankruptcy Restructuring Proposal is 18 months from the date of approval of such Bankruptcy Restructuring Proposal by the Shanghai Third Court. Upon the end of such 18 months, the Administrator shall submit a supervision report to the Shanghai Third Court in relation to the implementation of the Bankruptcy Restructuring Proposal by the Company. The Administrator will be discharged on the date of the submission of such report. All claims against the Company shall be released and discharged in full by virtue of the implementation of the Bankruptcy Restructuring Proposal.

For details of the development of the Bankruptcy Restructuring, please refer to the announcements of the Company dated 29 September 2022, 1 February 2023, 9 March 2023, 15 March 2023, 10 April 2023, 31 May 2023 and 12 June 2023 and the circular of the Company dated 16 May 2023.

(d) Going concern assessment

The Group's operations had been suspended due to the Bankruptcy Restructuring and incurred loss attributable to owners of the Company of approximately RMB1,635,927,000 for the year ended 31 December 2022. As at 31 December 2022, the Group had net current liabilities and net liabilities of approximately RMB3,841,721,000 and approximately RMB3,839,405,000, respectively. The Group's total borrowings of approximately RMB1,238,428,000 were classified as current liabilities as at 31 December 2022 while its cash and cash equivalents amounted to approximately RMB483,000 as at the same date.

The conditions above indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group's ability to continue as a going concern largely depends on the sufficiency of financial resources available to the Group. The Administrator is of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next 12 months from 31 December 2022 due to the following reasons:

- (1) the Bankruptcy Restructuring Investors had agreed to provide approximately RMB12 million for the Bankruptcy Restructuring pursuant to the Bankruptcy Restructuring Proposal within 90 days after the resumption of trading of the shares of the Company on the Stock Exchange;
- (2) the Bankruptcy Restructuring Investors had agreed to provide up to RMB100 million for the Company to implement any further steps as required for the operation of the Group's business;
- (3) the settlement of the debts will be implemented according to the Bankruptcy Restructuring Proposal. Upon the completion of the Bankruptcy Restructuring Proposal, the Company will no longer bear its responsibility for the repayment of debts relieved by the Bankruptcy Restructuring upon the completion of Bankruptcy Restructuring Proposal;
- (4) the Group has entered into (a) long-term contracts with four customers at an aggregate amount of approximately RMB182 million (value-added tax inclusive) per annum; and (b) short-term contracts with two customers at an aggregate amount of approximately RMB7 million (value-added tax inclusive), respectively; and

- (5) the Group is expected to be profitable and be able to generate net operating cash inflows from its future business operations.

As such, the Group will have sufficient financial resources to continue its business on a going concern basis subject to the investment from the Restructuring Investors, the completion of the Bankruptcy Restructuring Proposal, and the operation of the Group's principal business.

The consolidated financial statements have been prepared on a going concern basis on the basis that the Bankruptcy Restructuring of the Company will be successfully completed, and that, following the Bankruptcy Restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

Should the Group be unable to complete the Bankruptcy Restructuring and therefore be unable to continue its business as a going concern, adjustments would have to be made to reclassify all non-current assets to current assets, write-down the value of assets to their recoverable amount and to provide for further liabilities which might arise. The effect of these adjustments has not been reflected in the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendment to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendment to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendment to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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

Impacts on application of Amendments to HKFRS 3 Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 January 2022. The amendments update a reference in HKFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the “**Conceptual Framework**”) instead of *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting 2010* issued in October 2010), add a requirement that, for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC) — Int 21 *Levies*, an acquirer applies HKAS 37 or HK(IFRIC) — Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments in the current year has had no impact on the Group's consolidated financial statements.

Impacts on application of Amendments to HKFRSs Annual Improvements to HKFRSs 2018–2020

The Group has applied the amendments for the first time in the current year. The annual improvements make amendments to the following standards:

HKFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the “10 per cent” test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged as at the date of initial application, 1 January 2022.

HKFRS 16 Leases

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

The application of the amendments in the current year has had no impact on the Group's consolidated financial statements.

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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1	Non-current Liabilities with Covenants (2022) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

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

3. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker (“CODM”), 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 CODM have been aggregated in arriving at the reportable segments of the Group.

The Group now has three 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 services
- Agrochemical products supply chain services — production and sale of pesticides and chemical products

Operating segments regarding the agricultural big-data services were discontinued since the year ended 31 December 2020 and completed the disposal during the year ended 31 December 2021. The segment information reported below does not include any amounts for these discontinued operations, which are described in more details in Note 7 to this results announcement.

(a) Segment revenues and results and segment assets and liabilities

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

For the year ended 31 December 2022

Continuing operations

	Agricultural and petrochemical products supply chain services RMB’000	Financial leasing and commercial factoring services RMB’000	Agrochemical products supply chain services RMB’000	Total RMB’000
Reportable segment revenue from external customers	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Reportable segment loss	<u>(1,635,816)</u>	<u>(3)</u>	<u>—</u>	<u>(1,635,819)</u>
Reportable segment assets	2,860	3	—	2,863
Reportable segment liabilities	<u>(3,821,662)</u>	<u>(20,606)</u>	<u>—</u>	<u>(3,842,268)</u>

For the year ended 31 December 2021

Continuing operations

	Agricultural and petrochemical products supply chain services <i>RMB'000</i>	Financial leasing and commercial factoring services <i>RMB'000</i>	Agrochemical products supply chain services <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment revenue from external customers	—	—	936,940	936,940
Reportable segment loss	(463,739)	(27)	(661,714)	(1,125,480)
Reportable segment assets	7,956	3	—	7,959
Reportable segment liabilities	(2,189,627)	(20,606)	—	(2,210,233)

4a. OTHER INCOME

2022	2021
<i>RMB'000</i>	<i>RMB'000</i>

Continuing operations

Rental income (<i>Note (a)</i>)	—	542
Supply of utilities	—	27,555
Sales of scrap and other materials	—	1,132
Interest income	19	262
Compensation income	350	—
Government grants (<i>Note (b)</i>)	—	2,616
Others	810	1,394
	<u>1,179</u>	<u>33,501</u>

Notes:

(a) Leases

2022	2021
<i>RMB'000</i>	<i>RMB'000</i>

For operating leases:		
Lease payments that are fixed or depend on an index or a rate	<u>—</u>	<u>542</u>

- (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, NET

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Continuing operations		
Loss on disposals of property, plant and equipment	—	(1,292)
Gain on disposal of an associate	—	3,509
Written-off of trade and other receivables	—	(5,804)
Other losses (<i>Notes 12(d) to (g)</i>)	<u>(1,454,546)</u>	<u>—</u>
	<u><u>(1,454,546)</u></u>	<u><u>(3,587)</u></u>

5. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Continuing operations		
Interest expense on borrowings	110,655	110,966
Interest expense on other payables	<u>63,093</u>	<u>72,685</u>
	<u><u>173,748</u></u>	<u><u>183,651</u></u>

6. INCOME TAX EXPENSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Continuing operations		
Current income tax:		
PRC enterprise income tax (“EIT”)	6	7,039
Under-provision in prior years, net		
EIT	<u>—</u>	<u>3,159</u>
Deferred tax	<u>6</u>	<u>10,198</u>
	<u><u>6</u></u>	<u><u>10,238</u></u>

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and 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% for 2022 and 2021. The subsidiary has been deconsolidated from the consolidated financial statement of the Group during the year ended 31 December 2022. For details, please refer to Note 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 Administrator 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

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

		2021 RMB'000
Agricultural big-data services operation	<i>Note</i>	<u>572</u>

Note:

Discontinued agricultural big-data services operation

On 26 May 2020, the Company received an execution ruling dated 15 May 2020 issued by the Shanghai No. 2 Intermediate People's Court* (上海市第二中級人民法院) (the "Shanghai Second Court") (the "Zhiying Legal Proceedings"). Pursuant to such execution ruling, the Company shall repay the plaintiffs (i) the consideration of RMB129,166,715 and all related overdue interests; (ii) their legal fee of RMB500,000; and (iii) their property preservation liability insurance premium of RMB119,000. The Company shall also pay enforcement fees in the amount of RMB197,185.72.

In case where the Company fails to fulfil its repayment obligations, the plaintiffs may enter into an agreement with Shanghai Kaiyi Corporate Management Consultancy Co., Ltd.* (上海諧易企業管理諮詢有限公司) ("Shanghai Kaiyi"), a direct wholly-owned subsidiary of the Company, pursuant to the civil mediation order issued by the Shanghai Second Court, where the plaintiffs may be compensated through the value conversion of the Company's 80% equity interests in Shanghai Runtong Industrial and Investment Co., Limited* (上海潤通實業投資有限公司) ("Shanghai Runtong") (the "Shanghai Runtong Shares") pledged by Shanghai Kaiyi, or be compensated on a preferential basis through auction or sale of the Shanghai Runtong Shares.

The Company failed to repay the plaintiffs pursuant to the execution ruling dated 15 May 2020 and that an auction announcement dated 27 November 2020 has been published by the Shanghai Second Court on the public auction network (www.gpai.net) (the “**Gongpai Auction**”) to put the Shanghai Runtong Shares on auction during the period from 8 January 2021 to 11 January 2021 through the network platform of Gongpai Auction, with a reserve price of RMB28,840,000. The auction was subsequently re-scheduled to between 27 February 2021 and 2 March 2021 with a same reserve price. On 2 March 2021, the Company noticed from the network platform of Gongpai Auction that said the auction was not successful.

The assets and liabilities attributable to this business, which were expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position as at 31 December 2020.

By 5 July 2021, the Company received an execution ruling issued by the Shanghai Second Court dated 20 April 2021 in relation to the disposal of the Shanghai Runtong Shares to the pledgee in partial settlement of the debts at the prior agreed reserve price for the auction of RMB28,840,000 during the execution process of the Shanghai Second Court for the Zhiying Legal Proceedings. Shanghai Runtong ceased to be a subsidiary of the Company upon the issue of the execution ruling against the Company.

The Company amounts of the assets and liabilities of Shanghai Runtong as at the date of disposal are disclosed in Note 14.

The results from the discontinued agricultural big-data services operation for the period from 1 January 2021 to 20 April 2021 are set out below:

	2021 RMB'000
Revenue	3,279
Cost of sales	(373)
Other income	71
Administrative and other expenses	<u>(2,405)</u>
Profit before tax	572
Income tax expenses	<u>—</u>
Profit for the year from discontinued operation	<u>572</u>
Auditor’s remuneration	<u><u>40</u></u>

During the year ended 31 December 2021, the discontinued agricultural big-data services operation used approximately RMB11,822,000 in respect of the Group’s net operating cash flows, used approximately RMB210,000 in respect of investing activities and had no impact in respect of financing activities.

8. LOSS FOR THE YEAR

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

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operations		
Auditor's remuneration	560	1,370
Cost of inventories recognised as expenses	—	745,694
Amortisation of intangible assets	—	736
Depreciation of property, plant and equipment	8	46,781
Depreciation of right-of-use assets	—	1,260
Loss on disposals of property, plant and equipment	—	1,292
Research and development costs recognised as expense	—	32,177
Operating lease rental expenses in respect of:		
— Land and buildings	<u>362</u>	<u>606</u>

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2022, nor has any dividend been proposed since the end of the reporting period (2021: 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:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(1,635,927)</u>	<u>(1,125,142)</u>
Number of shares		
	2022	2021
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>9,551,079,812</u>	<u>9,551,079,812</u>

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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss for the year attributable to owners of the Company	(1,635,927)	(1,125,142)
Less: Profit for the year from discontinued operations	<u>—</u>	<u>457</u>
Loss for the purpose of basic and diluted loss per share from continuing operations	<u>(1,635,927)</u>	<u>(1,125,599)</u>

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

For discontinued operations

During the year ended 31 December 2021, basic and diluted profit per share for the discontinued operations is profit of RMB0.00005 per share, based on the profit for the year from the discontinued operations of RMB457,000 and the denominators detailed above for both basic and diluted earnings per share.

No diluted earnings per share for both 2022 and 2021 were presented as there were no potential ordinary shares in issue for both 2022 and 2021.

11. TRADE AND OTHER RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	—	626,969
Other receivables	<u>751,783</u>	<u>1,690,326</u>
	751,783	2,317,295
Less: Impairment loss recognised on trade and other receivables	<u>(751,783)</u>	<u>(2,317,295)</u>
	<u>—</u>	<u>—</u>

The aging analysis of trade and notes receivables for agricultural and petrochemical products supply chain services are prepared based on invoice dates. The detailed aging analysis that are before impairment loss are as follows:

	2022	2021
	RMB'000	RMB'000
2 years to less than 3 years	—	610
Over 3 years	—	626,359
	<u>—</u>	<u>626,969</u>

12. TRADE AND OTHER PAYABLES

	2022	2021
	RMB'000	RMB'000
Trade payables	27,781	27,781
Amounts due to related companies (<i>note a</i>)	73,963	72,698
Other payables and accruals (<i>notes (b) to (g)</i>)	2,447,491	549,793
Financial guarantee contracts	—	241,100
	<u>2,549,235</u>	<u>891,372</u>

Notes:

The other payables and accruals of the Group as at 31 December 2022 and 31 December 2021 comprised the followings:

- (a) The amounts are interest-free, unsecured and repayable on demand.
- (b) An amount due to a former shareholder of a subsidiary of the Company of approximately RMB100,327,000 (2021: approximately RMB100,327,000) with outstanding overdue penalty of approximately RMB41,555,000 (2021: approximately RMB33,529,000), which was unsecured, interest-free, repayable on 10 October 2018, and subject to an overdue penalty of 8% per annum.
- (c) An amount due to a creditor of approximately RMB36,674,000 (2021: approximately RMB36,674,000) with outstanding overdue penalty of approximately RMB57,326,000 (2021: approximately RMB50,633,000), which is unsecured, interest-free, is repayable from February to August 2018 and subject to an overdue penalty of 0.05% per day.
- (d) Litigation with CEFC Shanghai Securities Limited (上海華信證券有限責任公司) (“**CEFC Securities**”)

On 16 January 2020, the Company received a civil judgement 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 breach of loan agreement due to default in repayment of loan from CEFC Securities in a principal amount of RMB300,000,000 and all related interest. According to such civil judgement, the Company shall repay CEFC Securities, (i) the principal amount of the loan of RMB300,000,000; (ii) relevant overdue interest of approximately RMB10,732,000; (iii) relevant compound interest of approximately RMB52,000; (iv) relevant penalty interest of approximately RMB1,445,000;

and (v) CEFC Securities' legal fees of approximately RMB350,000. The guarantors to the loan, namely, Shenzhen Dasheng Agricultural Group Co., Ltd.* (深圳市大生農業集團有限公司) (“**Shenzhen Dasheng**”), a substantial shareholder (as defined in the Listing Rules) of the Company at the time, Dasheng (Fujian) Agricultural Ltd.* (大生(福建)農業有限公司) (“**Fujian Dasheng**”) and Hong Kong Dasheng Investment Holdings Company Limited (香港大生投資控股有限公司) (“**Hong Kong Dasheng**”) 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 fails 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 RMB406,000,000, and the interest to be repaid shall be doubled. Details, please refer to the Company's announcement dated 16 January 2020.

On 15 August 2022, the Company received a copy of a civil complaint from the Shanghai Railway Transportation Court* (上海鐵路運輸法院) in the PRC submitted by CEFC Securities claiming against Ruiying Xinrong (Shenzhen) Commercial Factoring Co., Limited* (瑞盈信融(深圳)商業保理有限公司), which was an indirect non-wholly owned subsidiary of the Company, concerning a default payment of the repurchase consideration under a trust loan and the guarantors for such repayment, including the Company, Fujian Dasheng and Hong Kong Dasheng were named as defendants. The total amount of claims under the civil complaint is RMB373,149,700, including the repurchase consideration of RMB217,580,000 and the accrued interests of RMB155,569,700. Up to the date of this results announcement, the Company had not received any judgement in relation to such proceedings. Details of the above proceedings are set out in the Company's announcement dated 15 August 2022.

The Company received an execution ruling issued by the Gansu Provincial Lanzhou Intermediate People's Court* (甘肅省蘭州市中級人民法院) dated 23 September 2022, which reinstated the civil judgement dated 19 December 2019, and that in the event that there are insufficient bank deposits for the Company to fulfil its payment obligations, assets of the Company of equivalent value shall be seized, impounded, auctioned, or sold.

A bankruptcy restructuring application was filed by Shanghai Tingdong against the Company on 29 September 2022. On 6 June 2023, the Company received a civil ruling dated 6 June 2023 from the Shanghai Third Court in relation to the Table of No Objections of Creditors' Claims of Shanghai Dasheng Agriculture Finance Technology Co., Ltd.* (《上海大生農業金融科技股份有限公司無異議債權表》). According to such civil ruling, it was confirmed that the claims from CEFC Securities amounted to RMB401,761,470.00. Pursuant to Article 94 of the Enterprise Bankruptcy Law, the Company will no longer bear the responsibility for the repayment of debts relieved by the Bankruptcy Restructuring upon the completion of the Bankruptcy Restructuring Proposal.

- (e) Litigation with Anhui Huaxing Chemical Industry Company Limited* (安徽華星化工有限公司) (“**Anhui Huaxing**”)
- (i) On 11 August 2021, the Company was notified that an application for bankruptcy restructuring (the “**Huaxing Bankruptcy Restructuring**”) against Anhui Huaxing, a then wholly owned subsidiary of the Company, was filed with the People's Court of He County, Anhui Province (the “**Anhui Court**”) in the PRC by a creditor on 4 August 2021 on the ground that Anhui Huaxing was unable to repay the debt falling due. On 8 March 2022, the Company received a notification letter from Anhui Huaxing, stating that a change of shareholder of Anhui Huaxing was completed on 3 March 2022. The entire equity interest of Anhui Huaxing was transferred to the restructuring investor of Anhui Huaxing (the “**Huaxing Bankruptcy Restructuring Investor**”) on 3 March 2022.

For details of the development, please refer to the announcements of the Company dated 11 August 2021, 19 August 2021, 3 September 2021, 22 October 2021, 26 January 2022, 22 February 2022 and 8 March 2022.

- (ii) On 22 March 2022, the Company received a civil ruling dated 17 March 2022 issued by the Anhui Court in relation to the statement of claim filed by the administrator of Anhui Huaxing (the “**Huaxing Administrator**”) on 24 January 2022 against the Company under the Anhui Court for the repayment of the financial assistance given to the Company by Anhui Huaxing in an aggregate principal amount of RMB35.5 million, default interest of approximately RMB13.5 million up to 23 January 2022 and the accrued interests from 24 January 2022 up to the date of repayment (the “**Legal Proceedings**”). Pursuant to such civil ruling, the Company shall, within ten days from the effective date of the ruling, repay Anhui Huaxing (1) aggregate principal amount of RMB35.5 million; (2) interest of approximately RMB3.8 million for the period from 23 February 2021 up to the date of actual payment, which is calculated on the basis of the principal amount of RMB35.5 million at 1.5 times the prevailing prime lending rate of 3.7% for 1-year loans promulgated by the National Interbank Funding Center; (3) case acceptance fee of RMB286,866; and (4) preservation fee of RMB5,000. In the event that the Company fails to fulfill the payment obligation within the period as specified in the ruling, additional interest on the amount due will be levied on the Company for the period of late payment concerned in accordance with Article 260 of the Civil Procedure Law of The People’s Republic of China (the “**Civil Procedure Law**”). As a result, additional interest of approximately RMB1.7 million has arisen. The Company received an execution ruling dated 30 October 2022 issued by the Anhui Court, which according to the execution ruling, the Company was not found to have any assets available for the execution of the civil ruling dated 17 March 2022 and the execution procedure was thereby terminated.
- (iii) The Company received a civil ruling dated 25 July 2022 issued by the Anhui Court. According to the civil ruling, during the period between March to December 2018, a series of debt assignment and assumption agreements and assignment of claim agreements have been executed among the Company, Anhui Huaxing, Shenzhen Dasheng and three independent third parties for the assignment of debts and claims, and ordered the Company for the repayment of debts under the agreements in an aggregate principal amount of approximately RMB713.8 million. Pursuant to such civil ruling, the Company shall, within ten days from the effective date of the ruling, repay Anhui Huaxing the aggregated principal amount of approximately RMB713.8 million. In the event that the Company fails to fulfill the payment obligation within the period as specified in the ruling, additional interest on the amount due will be levied on the Company for the period of late payment concerned in accordance with Article 260 of the Civil Procedure Law. As a result, additional interest of approximately RMB18.4 million has arisen. The case acceptance fee of RMB3.6 million shall also be borne by the Company. The Company received an execution ruling dated 30 October 2022 issued by the Anhui Court, which according to the execution ruling, the Company was not found to have any assets available for the execution of the civil ruling dated 25 July 2022 and the execution procedure was thereby terminated.
- (iv) The Company received a civil ruling dated 19 August 2022 issued by the Anhui Court. According to the civil ruling, during the period between April 2018 to July 2021, Anhui Huaxing provided financial assistance to the Company in an aggregate principal amount of approximately RMB66.9 million. Pursuant to such civil ruling, the Company shall, within ten days from the effective date of the ruling, repay Anhui Huaxing the principal amount of approximately RMB66.9 million. In the event that the Company fails to fulfill the payment obligation within the period as specified in the ruling, additional interest on the amount due would be levied on the Company for the period of late payment concerned in accordance with Article 260 of the Civil Procedure Law. As a result, additional interest of approximately RMB1.4 million has arisen. The case acceptance fee of RMB376,448 shall be borne by the Company. The Company received an

execution ruling dated 30 October 2022 issued by the Anhui Court, which according to the execution ruling, the Company was not found to have any assets available for the execution of the civil ruling dated 19 August 2022 and the execution procedure was thereby terminated.

As set out in the statement of claim dated 6 March 2023, Anhui Huaxing claimed against the Company for a sum of approximately RMB841.5 million, purported to be the balance of original claims of approximately RMB816.2 million (being the sum of the principal amounts as described in (ii), (iii) and (iv) above), interest of approximately RMB3.8 million (being the interest as described in (ii) above), yield claims of approximately RMB21.5 million (being the sum of additional interest as described in (ii), (iii) and (iv) above), and other claims of RMB5,000 (being the preservation fee as described in (ii) above). Since the Bankruptcy Restructuring Proposal has been approved by the Shanghai Third Court. Pursuant to Article 94 of the Enterprise Bankruptcy Law, the Company will no longer bear its responsibility for the repayment of debts relieved by the Bankruptcy Restructuring upon the completion of Bankruptcy Restructuring Proposal.

(f) Creditor's claim by Jiujiang Bank Co., Ltd. Guangdong Free Trade Zone Nansha Sub-branch

Jiujiang Bank Co., Ltd. Guangdong Free Trade Zone Nansha Sub-branch (九江銀行股份有限公司廣東自貿試驗區南沙支行) (“**Jiujiang Bank**”) entered into multiple loan borrowing agreements and extension agreements with Anhui Huaxing on 13 April 2018, 17 April 2018, 15 April 2019 and 16 April 2019; and the Company thereafter entered into with Jiujiang Bank a maximum guarantee contract and a maximum pledge amount contract on 8 April 2018 and 11 April 2018, respectively, and a deed of guarantee in relations to the abovementioned loans on 1 April 2018. The Huaxing Bankruptcy Restructuring was completed in 2022 and the Anhui Court determined that the claims of Jiujiang Bank, being one of the creditors of Anhui Huaxing, were non-preferential claims. Therefore, Jiujiang Bank was unable to recover its claims from the sale of fixed assets of Anhui Huaxing. As Anhui Huaxing failed to repay such loans, Jiujiang Bank subsequently submitted a creditor's claim to the Administrator based on the deed of guarantee, the maximum guarantee contract and the maximum pledge amount contract, the declaration for initial claims was RMB253,871,785.58 and interest-bearing claims was RMB56,372,242.74, with a total amount of RMB310,244,028.32. The final amount so confirmed by the Administrator was RMB276,685,014.24.

(g) Creditor's claim by Minsheng Financial Leasing Co., Ltd.

Minsheng Financial Leasing Co., Ltd. (民生金融租賃股份有限公司) (“**Minsheng Financial**”) entered into a finance lease agreement and supplemental agreements with Anhui Huaxing on 24 August 2016, 13 June 2018, 11 September 2019 and 12 March 2020, respectively; and the Company thereafter entered into a legal person guarantee contract and two pledge agreements with Minsheng Financial on 13 June 2018, 11 September 2019 and 21 April 2021, respectively. The Huaxing Bankruptcy Restructuring was completed in 2022 and the Anhui Court determined that Minsheng Financial, being one of the creditors of Anhui Huaxing, as non-preferential claims. Therefore, Minsheng Financial was unable to recover its claims from the sale of fixed assets of Anhui Huaxing. As Anhui Huaxing failed to repay such loans, Minsheng Financial subsequently submitted a creditor's claim to the Administrator based on the finance lease agreement and supplemental agreement, the declaration for initial claims was RMB220,316,203.02 and litigation fee was RMB106,958.00, with a total amount of RMB220,423,161.02. The amount so declared was fully confirmed by the Administrator.

The following is an aged analysis of trade payable presented based on the invoice dates:

	2022	2021
	RMB'000	RMB'000
Agricultural and petrochemical products supply chain services:		
Over 3 years	<u>27,781</u>	<u>27,781</u>

13. SHARE CAPITAL

	Number of	Amount
	shares	RMB'000
Ordinary shares of RMB0.1 each		
Authorised, issued and fully paid:		
At 31 December 2021 and 31 December 2022	<u>9,551,079,812</u>	<u>955,108</u>

14. DISPOSAL OF INTERESTS IN SUBSIDIARIES

For the year ended 31 December 2021

Disposal of Shanghai Runtong

As disclosed in Note 7, the Company received an execution ruling issued by the Shanghai Second Court dated 20 April 2021 in relation to the disposal of the Shanghai Runtong Shares to the Pledgee in partial settlement of the debts at the prior agreed reserve price for the auction of RMB28,840,000 during the execution process of the Shanghai Second Court for the Zhiying Legal Proceedings. Shanghai Runtong ceased to be a subsidiary of the Company upon the issue of the execution ruling against the Company.

The net assets of the Shanghai Runtong as at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:

20 April 2021

RMB'000

Property, plant and equipment	6,928
Intangible assets	3,950
Equity instruments at FVTOCI	4,422
Deferred tax assets	376
Inventories	68
Restricted bank deposits	79,807
Cash and cash equivalents	664
Trade and other receivables	63,239
Deferred tax liabilities	(1)
Trade and other payables	(76,096)
Tax liabilities	<u>(1,600)</u>
Net assets disposed of	<u>81,757</u>
Loss on disposal:	
Consideration	28,840
Non-controlling interest	16,351
Net assets disposed of	<u>(81,757)</u>
Loss on disposal	<u>(36,566)</u>
Net cash outflow arising on disposal:	
Cash received	—
Less: cash and cash equivalents disposed of	<u>(664)</u>
	<u><u>(664)</u></u>

15. DECONSOLIDATION OF SUBSIDIARIES

For the year ended 31 December 2021

Deconsolidation of the Anhui Huaxing and its subsidiaries (“Anhui Huaxing Group”)

On 4 August 2021, an application for Huaxing Bankruptcy Restructuring was filed with the Anhui Court by a creditor on the ground that Anhui Huaxing is unable to repay the debt falling due. Anhui Huaxing is a wholly-owned subsidiary of the Company which engages in agrochemical products supply chain services in the PRC. On 13 August 2021, the Anhui Court accepted the application for Huaxing Bankruptcy Restructuring.

The Anhui Court has given a decision on 24 August 2021 regarding the establishment and appointment of the liquidation team as the Huaxing Administrator for the Huaxing Bankruptcy Restructuring. The Group considered that the control over Anhui Huaxing has been lost on 13 August 2021 and accordingly, the financial results of Anhui Huaxing Group were deconsolidated from the consolidated financial statements of the Group since 13 August 2021.

The net assets of the Anhui Huaxing Group as at the date of deconsolidation were as follows:

Net assets deconsolidated:	<i>RMB'000</i>
Property, plant and equipment	879,963
Right-of-use assets	89,616
Intangible assets	5,728
Interests in associates	21,003
Inventories	192,482
Cash and cash equivalents	14,044
Trade and other receivables	278,578
Amount due from the Group	33,200
Contract liabilities	(18,203)
Borrowings	(499,297)
Trade and other payables	(286,021)
Tax liabilities	(7,549)
Deferred tax liabilities	<u>(3,168)</u>
 Net assets deconsolidated of	 <u>700,376</u>
 Loss on deconsolidation of subsidiaries:	
Non-controlling interest	(26)
Net assets deconsolidated of	<u>(700,376)</u>
 Loss on deconsolidation	 <u>(700,402)</u>
 Net cash outflow arising on deconsolidation:	
Cash received	—
Less: cash and cash equivalents deconsolidation of	<u>(14,044)</u>
	<u><u>(14,044)</u></u>

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

Disclaimer of opinion

The following is an extract of the independent auditor's report of the Group's consolidated financial statements for the year ended 31 December 2022 which has included a disclaimer of opinion.

Basis for disclaimer of opinion

(a) *Multiple fundamental uncertainties relating to going concern*

As disclosed in Note 2(c) to the consolidated financial statements, the bankruptcy restructuring proposal (the "**Bankruptcy Restructuring Proposal**") submitted by the administrator (the "**Administrator**"), who was appointed by the Shanghai Third Intermediate People's Court* (上海市第三中級人民法院) of the People's Republic of China (the "**PRC**") (the "**Shanghai Third Court**") on 3 February 2023, has been approved by the Shanghai Third Court on 9 June 2023, and the bankruptcy restructuring procedure is therefore terminated. Up to the date of this report, the Bankruptcy Restructuring Proposal has been implemented by the Company but yet completed. If the Bankruptcy Restructuring Proposal could not be successfully implemented and completed, the Company will go through bankruptcy liquidation.

In addition, as stated in Notes 2(c)&(d) to the consolidated financial statements, the Group's operations is suspended due to the bankruptcy restructuring and incurred loss attributable to owners of the Company of approximately RMB1,635,927,000 for the year ended 31 December 2022 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB3,841,721,000 and the Company has net liabilities of approximately RMB3,839,405,000. The Group's total borrowings of approximately RMB1,238,428,000 were classified as current liabilities as at 31 December 2022 while its cash and cash equivalents amounted to approximately RMB483,000 as at the same date.

These conditions, along with other matters as described in Notes 2(c)&(d) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on 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(d) to the consolidated financial statements, the consolidated financial statements have been prepared by the Administrator on a going concern basis, the validity of which depends on the outcome of the measures as described in Note 2(d), which are subject to material uncertainties. We are unable to determine whether the use of the going concern assumption in the preparation of the consolidated financial statements is proper and appropriate.

Should the going concern assumption be inappropriate, adjustments would be necessary to reclassify all non-current assets to current assets, write-down the value of assets to their recoverable amounts and, to provide for further liabilities which might arise. The consolidated financial statements have not incorporated any of these adjustments. However, the uncertainty surrounding the results of the Group's Bankruptcy Restructuring Proposal, its ability to maintain

the sustainable future operation and generate sufficient future cash flows raises significant doubt about the Group's ability to continue as a going concern. 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 is material uncertainty relating to going concern basis.

(b) Limitation of scope on accuracy and completeness of the indebtedness of the Group

As at 31 December 2022, the Group has total indebtedness of approximately RMB3,842,268,000 (the “**2022 Indebtedness**”). Because certain managements and staffs have left the Group since 2023 and have not been replaced, the Administrator has difficulties in obtaining complete records of the 2022 Indebtedness. Also, certain creditors may fail to declare their debts due to legitimate reasons during the debt declaration period. Thus, the 2022 Indebtedness is subject to final determination and adjudication by the Administrator and the Administrator cannot guarantee the completeness of the 2022 Indebtedness until the completion of the Bankruptcy Restructuring Proposal.

In addition, as disclosed in Notes 25 and 32 to the consolidated financial statements, given that the People's Court of He County, Anhui Province, the PRC (中國安徽省和縣人民法院) has accepted the application for bankruptcy restructuring against Anhui Huaxing Chemical Industry Company Limited* (安徽華星化工有限公司) (“**Anhui Huaxing**”) on 13 August 2021, the Group no longer had the power to govern the financial and operating policies of Anhui Huaxing and its subsidiaries (“**Anhui Huaing Group**”) and thus the Group lost the control over Anhui Huaxing Group on the same date. As such, the financial results of Anhui Huaxing Group were deconsolidated from the Group's financial results (“**Anhui Huaxing Deconsolidation**”) since 13 August 2021 (the “**Deconsolidation Date**”).

Under such circumstances, during the years ended 31 December 2021 and 2022, we were unable to carry out necessary audit procedures on the books and records of Anhui Huaxing Group to satisfy ourselves as to the existence, ownership, completeness, accuracy, valuation and classifications of (i) its total assets and liabilities as at the Deconsolidation Date; and (ii) its profit for the period from 1 January 2021 to the Deconsolidation Date. Consequently, we were unable to satisfy ourselves as to whether the loss on the Anhui Huaxing Deconsolidation of approximately RMB700,402,000 for the year ended 31 December 2021 was fairly stated for the year ended 31 December 2021. There were no other satisfactory audit procedures that we could perform to obtain sufficient appropriate evidence in this regard.

During the year ended 31 December 2022, the Group received several court decisions in relation to the claims from Anhui Huaxing/the creditors of Anhui Huaxing Group as a result of bankruptcy restructuring of Anhui Huaxing and a loss of approximately RMB1,408,105,000 has been recognised (the “**Recognised Loss**”) in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 and the corresponding payables of approximately RMB1,408,105,000 (included in the 2022 Indebtedness) were recorded on the consolidated statement of financial position as at 31 December 2022.

Given the circumstances as mentioned above, there were no practicable audit procedure we could perform to satisfy ourselves the accuracy and completeness of (1) the amounts recorded in the consolidated statement of profit or loss and other comprehensive income in respect of the Anhui Huaxing Group for the period from 1 January 2021 to the Deconsolidation Date, with a corresponding effect on the loss on the deconsolidation of Anhui Huaxing Group of approximately RMB700,402,000 for the year ended 31 December 2021; (2) the indebtedness of the Group of approximately RMB2,210,233,000 as at 31 December 2021; (3) the Recognised Loss of approximately RMB1,408,105,000 for the year ended 31 December 2022; and (4) the 2022 Indebtedness of the Group of approximately RMB3,842,268,000 as at 31 December 2022.

Any adjustments found to be necessary to the above matters might have significant consequential effects on the consolidated financial performance of the Group for the years ended 31 December 2021 and 2022, the consolidated financial position of the Group as at 31 December 2021 and 31 December 2022 and the related disclosures thereof in the consolidated financial statements.

(c) *Lack of representation from the Administrator, Directors and management*

We were unable to obtain representation from the Administrator, the directors of the Company (the “**Directors**”) and management whether these consolidated financial statements present a true and fair view of the state of affairs of the Group as at 31 December 2022 and the results of the Group for the year then ended. As explained in Note 2 to the consolidated financial statements, following the appointment of the Administrator, the powers of the Directors were suspended with regard to the affairs and business of the Company. The Administrator prepared the consolidated financial statements for the year ended 31 December 2022 based on books and records made available to them. The Administrator made no representation as to the completeness and accuracy of the books and records made available to us. Therefore, we cannot perform any audit procedure to satisfy ourselves (i) the completeness and accuracy of the financial information and the related disclosures in these consolidated financial statements; (ii) the completeness of the disclosure of commitments, contingent liabilities and related party transactions and balances in the consolidated financial statements as at 31 December 2022; and (iii) the completeness of the disclosure of events from the end of the reporting period up to the date of this report. As a consequence, the Administrator is not making any representation that these consolidated financial statements of the Group presented a true and fair view of the state of affairs of the Group as at 31 December 2022 and the results of the Group for the year then ended. The lack of representation from the Administrator, Directors and management on the completeness and accuracy of the information contained in these consolidated financial statements constitutes a limitation of the scope of our audit.

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 2022, it was full of challenges and opportunities for the Group. On 3 February 2023, BDO China Shu Lun Pan Certified Public Accountants was appointed as the administrator (the “**Administrator**”) of the Company pursuant to a civil ruling granted by the Shanghai Third Intermediate People’s Court* (上海市第三中級人民法院) (the “**Shanghai Third Court**”) in the PRC.

The Group had continued to maintain its existing businesses of the agrochemical products supply chain services segment, and accelerate the adjustment and reorganisation of the existing businesses. Certain plans and measures have been taken to mitigate the liquidity problem and to improve the Group’s financial position, which include, but are not limited to, the exploration restructuring cooperation opportunities with bankruptcy investors.

During the year under review, turnover of the Group was nil, representing a drop of 100% as compared to last year. During the year under review, the Group recorded gross profit of nil, representing a decrease of 100% as compared to last year; the gross profit margin is about 0%, representing a decrease of 100%. Loss attributable to owners of the Company for the year was approximately RMB1,635.9 million, representing an increase in loss of approximately 45.4% as compared to last year, which was primarily due to the combined effect of the accrual of interest expense on borrowings amidst stagnation of our trading of agricultural and petrochemical products, and the disposal of Shanghai Runtong and the deconsolidation of Anhui Huaxing Group.

The Company received a civil ruling dated 9 June 2023 from the Shanghai Third Court which confirmed the approval of the Bankruptcy Restructuring Proposal (as defined below) by the Shanghai Third Court, and the bankruptcy restructuring procedure is therefore terminated in accordance with Clauses 2 and 3 of Article 87 of the Enterprise Bankruptcy Law. Further pursuant to Article 94 of the Enterprise Bankruptcy Law of the PRC (the “**Enterprise Bankruptcy Law**”), the Company will no longer bear the responsibility for the repayment of debts relieved by the Bankruptcy Restructuring (as defined below) upon the completion of Bankruptcy Restructuring Proposal (as defined below).

BUSINESS OPERATIONS

Immediately prior to the suspension of trading in the H shares of the Company (the “**H Shares**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 11 February 2022, the Group was principally engaged in three businesses, which were “agrochemical products supply chain services business”, “agricultural and petrochemical products supply chain service business” and “financial leasing and commercial factoring services”. Following the suspension of trading in the H Shares, the Group’s business operation substantially diminished due to the Group’s severe financial distress.

AGROCHEMICAL PRODUCTS SUPPLY CHAIN SERVICES BUSINESS

During the year under review, turnover of the Group's agrochemical products supply chain services business was nil; and the gross loss was nil.

AGRICULTURAL AND PETROCHEMICAL PRODUCTS SUPPLY CHAIN SERVICE BUSINESS

The Group's agricultural and petrochemical products supply chain service business mainly comprise the trading of agricultural and petrochemical products including chemical fertilizers, fuel oil, mixed aromatics, white sugar, food products and frozen products.

During the year under review, turnover of the Group's agricultural and petrochemical products supply chain services was nil; and the gross loss was nil.

FINANCIAL LEASING AND COMMERCIAL FACTORING SERVICES

During the year under review, turnover of the Group's financial leasing and commercial factoring services was nil; and the gross loss was nil.

DECONSOLIDATION OF ANHUI HUAXING GROUP

Anhui Huaxing is a wholly-owned subsidiary of the Company which engages in agrochemical products supply chain services in the PRC. On 13 August 2021, the court accepted the bankruptcy restructuring application against Anhui Huaxing Chemical Industry Company Limited* (安徽華星化工有限公司) ("**Anhui Huaxing**") with the outstanding amount involved of approximately RMB5,590,000 and the Company has not made the aforementioned payment. The court has given a decision on 24 August 2021 regarding the establishment and appointment of the administrator for the bankruptcy restructuring of Anhui Huaxing. The Company considered that the control over Anhui Huaxing has been lost on 13 August 2021 and accordingly, the financial results of Anhui Huaxing and its subsidiaries ("**Anhui Huaxing Group**") were deconsolidated from the consolidated financial statement of the Group since 13 August 2021.

OTHER INCOME

During the year under review, the Group's other income was approximately RMB1,179,000 (2021: approximately RMB33,501,000), representing a decrease of approximately 96.5% as compared to last year. The decrease in other income was primarily attributable to the decrease in income from the supply of utilities.

OTHER GAINS AND LOSSES

The other gains and losses in 2022 amounted to other losses of approximately RMB1,454.5 million (2021: other losses of approximately RMB3.6 million), mainly comprising the claims from Anhui Huaxing/the creditors of Anhui Huaxing Group as a result of bankruptcy restructuring of Anhui Huaxing.

DISTRIBUTION COSTS

During the year under review, the Group's distribution costs were nil (2021: approximately RMB35,000,000), representing a decrease of 100% as compared to last year. The decrease in distribution costs was primarily attributable to the deconsolidation of Anhui Huaxing Group from the Group since 13 August 2021.

ADMINISTRATIVE AND OTHER EXPENSES

For the year ended 31 December 2022, administrative and other expenses of the Group were approximately RMB11,366,000 (2021: approximately RMB224,747,000), representing a decrease of approximately 94.9% as compared to last year. The decrease in administrative and other expenses was primarily attributable to the deconsolidation of Anhui Huaxing Group from the Group.

REVERSAL OF IMPAIRMENT LOSS (IMPAIRMENT LOSS), NET

For the year ended 31 December 2022, reversal of impairment loss on trade and other receivables amounted to approximately RMB3,998,000 (2021: impairment loss of approximately RMB150,832,000). Such reversal of impairment loss for the year under review was primarily attributable to the repayment from Kunshan Yuzhong Construction Engineering Co., Ltd.* (昆山市裕眾建設工程有限公司) to Shanghai Dasheng Agro-chemical Co., Ltd* (上海大生農化有限公司), a wholly-owned subsidiary of the Company.

FINANCE COSTS

For the year ended 31 December 2022, finance costs of the Group were approximately RMB173,748,000 (2021: approximately RMB183,651,000), representing a decrease of approximately 5.4% as compared to last year. The decrease in finance costs was mainly due to the deconsolidation of Anhui Huaxing Group from the Group during the year ended 31 December 2021.

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the year ended 31 December 2022, loss attributable to owners of the Group was approximately RMB1,635,927,000 (2021: approximately RMB1,125,142,000), representing an increase of approximately 45.4% as compared to last year. The basic and diluted loss per share attributable to owners of the Company during the year from continuing and discontinued operations were approximately RMB0.171 (2021: approximately RMB0.118), representing an increase in loss of 44.9% as compared to last year.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Capital Structure

As at 31 December 2022, the Group had total assets less current liabilities of approximately RMB(3,839,405,000) (31 December 2021: approximately RMB(2,202,274,000)), including non-current assets of approximately RMB2,316,000 (31 December 2021: RMB3,644,000) and net current liabilities of approximately RMB3,841,721,000 (31 December 2021: approximately RMB2,205,918,000).

As at 31 December 2022, the Group's equity attributable to owners of the Company was approximately RMB(3,839,029,000), representing an increase in loss of approximately 74.4% as compared to that of approximately RMB(2,201,790,000) as at 31 December 2021, which was due to the combined effect of the accrual of a substantial interests for our agricultural and petrochemical products supply chain segment and the deconsolidation of Anhui Huaxing from the Group.

Liquidity and Financial Resources for Continuing Operations

As at 31 December 2022 and 31 December 2021, the Group had restricted bank deposits and cash and cash equivalents of approximately RMB547,000 and RMB4,315,000, respectively.

As at 31 December 2022 and 31 December 2021, the Group had short-term borrowings of approximately RMB1,238,428,000 and RMB1,156,155,000, respectively.

As at 31 December 2022 and 31 December 2021, the Group had no long-term borrowings.

As at 31 December 2022 and 31 December 2021, debt-to-asset ratios of the Group were approximately 134,204% and 27,770%, 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 2022, the Group had restricted bank deposits of approximately RMB64,000 (31 December 2021: approximately RMB43,000) as collateral for bank borrowings and the issuance of commercial notes, performance bonds and bid bonds to customers.

EMPLOYEE INFORMATION

As at 31 December 2022, the Group had 12 employees (31 December 2021: 24 employees). During the year under review, total employees' remuneration (including Directors' remuneration) amounted to approximately RMB6,659,000 (31 December 2021: approximately RMB101,694,000). 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.

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 appropriate.

SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

Litigation with Anhui Huaxing

- (a) On 11 August 2021, the Company was notified that an application for bankruptcy restructuring (“**Huaxing Bankruptcy Restructuring**”) against Anhui Huaxing, a then wholly owned subsidiary of the Company, was filed with the People's Court of He County, Anhui Province (the “**Anhui Court**”) in the PRC by a creditor on 4 August 2021 on the ground that Anhui Huaxing was unable to repay the debt falling due. On 8 March 2022, the Company received a notification letter from Anhui Huaxing, stating that a change of shareholder of Anhui Huaxing was completed on 3 March 2022. As confirmed by the Anhui Huaxing, its entire equity interest was transferred to the Huaxing Restructuring Investor on 3 March 2022. For details of the development, please refer to the announcements of the Company dated 11 August 2021, 19 August 2021, 3 September 2021, 22 October 2021, 26 January 2022, 22 February 2022 and 8 March 2022.
- (b) On 22 March 2022, the Company received a civil ruling dated 17 March 2022 issued by the Anhui Court in relation to the statement of claim filed by the Administrator on 24 January 2022 against the Company under the Anhui Court for the repayment of the financial assistance given to the Company by Anhui Huaxing in an aggregate principal amount of RMB35.5 million, default interest of approximately RMB13.5 million up to 23 January 2022 and the accrued interests from 24 January 2022 up to the date of repayment (the “**Legal Proceedings**”). Pursuant to such civil ruling, the Company shall, within ten days from the effective date of the ruling, repay Anhui Huaxing (i) aggregate principal amount of RMB35.5 million; (ii) interest of approximately RMB3.8 million for the period from 23 February 2021 up to the date of actual payment, which is calculated on the basis of the principal amount of RMB35.5 million at 1.5 times the prevailing prime lending rate of 3.7% for 1-year loans promulgated by the National Interbank Funding Center; (iii) case acceptance fee of RMB286,866; and (iv) preservation fee of RMB5,000. In the event that the Company fails to fulfill the payment obligation within the period as specified in the

ruling, additional interest on the amount due will be levied on the Company for the period of late payment concerned in accordance with Article 260 of the Civil Procedure Law of the PRC (the “**Civil Procedure Law**”). As a result, additional interest of approximately RMB1.7 million has arisen. The Company received an execution ruling dated 30 October 2022 issued by the Anhui Court, which according to the execution ruling, the Company was not found to have any assets available for the execution of the civil ruling dated 17 March 2022 and the execution procedure was thereby terminated.

- (c) The Company received a civil ruling dated 25 July 2022 issued by the Anhui Court. According to the civil ruling, during the period between March to December 2018, a series of debt assignment and assumption agreements and assignment of claim agreements have been executed among the Company, Anhui Huaxing, Shenzhen Dasheng and three independent third parties for the assignment of debts and claims, and ordered the Company for the repayment of debts under the agreements in an aggregate principal amount of approximately RMB713.8 million. Pursuant to such civil ruling, the Company shall, within ten days from the effective date of the ruling, repay Anhui Huaxing the aggregated principal amount of approximately RMB713.8 million. In the event that the Company fails to fulfill the payment obligation within the period as specified in the ruling, additional interest on the amount due will be levied on the Company for the period of late payment concerned in accordance with Article 260 of the Civil Procedure Law. As a result, additional interest of approximately RMB18.4 million has arisen. The case acceptance fee of RMB3.6 million shall also be borne by the Company. The Company received an execution ruling dated 30 October 2022 issued by the Anhui Court, which according to the execution ruling, the Company was not found to have any assets available for the execution of the civil ruling dated 25 July 2022 and the execution procedure was thereby terminated.
- (d) The Company received a civil ruling dated 19 August 2022 issued by the Anhui Court. According to the civil ruling, during the period between April 2018 to July 2021, Anhui Huaxing provided financial assistance to the Company in an aggregate principal amount of approximately RMB66.9 million. Pursuant to such civil ruling, the Company shall, within ten days from the effective date of the ruling, repay Anhui Huaxing the principal amount of approximately RMB66.9 million. In the event that the Company fails to fulfill the payment obligation within the period as specified in the ruling, additional interest on the amount due would be levied on the Company for the period of late payment concerned in accordance with Article 260 of the Civil Procedure Law. As a result, additional interest of approximately RMB1.4 million has arisen. The case acceptance fee of RMB376,448 shall be borne by the Company. The Company received an execution ruling dated 30 October 2022 issued by the Anhui Court, which according to the execution ruling, the Company was not found to have any assets available for the execution of the civil ruling dated 19 August 2022 and the execution procedure was thereby terminated.

- (e) As set out in the statement of claim dated 6 March 2023, Anhui Huaxing claimed against the Company for a sum of approximately RMB841.5 million, purported to be the balance of original claims of approximately RMB816.2 million (being the sum of the principal amounts as described in (b), (c) and (d) above), interest of approximately RMB3.8 million (being the interest as described in (b) above), yield claims of approximately RMB21.5 million (being the sum of additional interest as described in (b), (c) and (d) above), and other claims of RMB5,000 (being the preservation fee as described in (b) above). Since the Bankruptcy Restructuring Proposal (as defined below) has been approved by the Shanghai Third Court. Pursuant to Article 94 of the Enterprise Bankruptcy Law, the Company will no longer bear its responsibility for the repayment of debts relieved by the Bankruptcy Restructuring upon the completion of Bankruptcy Restructuring Proposal (as defined below).

Bankruptcy Restructuring

- (1) On 29 September 2022, the Company received a notice issued by the Shanghai Third Intermediate People's Court* (上海市第三中級人民法院) (the “**Shanghai Third Court**”) in the PRC in relation to an application for bankruptcy restructuring filed against the Company by Shanghai Tingdong Industrial Co., Ltd.* (上海庭棟實業有限公司) on the ground that the Company is unable to repay the debts falling due. On 1 February 2023, the Company was informed that the Shanghai Third Court has given a civil ruling on 19 January 2023 indicating its acceptance of such application with the outstanding amount due to Shanghai Tingdong Industrial Co., Ltd.* of approximately RMB71.84 million. The Shanghai Third Court has given a decision on 3 February 2023 regarding the appointment of the Administrator for the restructuring of the Company and the first creditors' meeting would be held on 18 April 2023 to present the restructuring proposal as required under the Enterprise Bankruptcy Law.

The Administrator has conducted a public recruitment of potential restructuring investors under the supervision of the Shanghai Third Court and confirmed that a candidate had completed the registration, submitted its restructuring proposal and settled the required registration deposit on the deadline for recruiting potential restructuring investors. On 10 May 2023, the Administrator has confirmed the qualification of the joint potential bankruptcy restructuring investors (the “**Bankruptcy Restructuring Investors**”) which had completed the registration, submitted its restructuring proposal and settled the required registration deposit, and the Administrator has proposed the restructuring proposal to creditors.

The Bankruptcy Restructuring Investors have submitted to the Administrator a bankruptcy restructuring proposal (the “**Bankruptcy Restructuring Proposal**”), which includes an investment from the Bankruptcy Restructuring Investors to the Company for the settlement of debts. Creditors of secured claims and ordinary claims of the Company would be entitled to elect between cash consideration or loan capitalisation of H Shares on a pro rata basis based on the amounts of their claims confirmed by the Court under the Bankruptcy Restructuring and the total amount of the ordinary claims. Pursuant to Article 94 of the Enterprise Bankruptcy Law, the Company will no

longer bear its responsibility for the repayment of debts relieved by the Bankruptcy Restructuring upon the completion of Bankruptcy Restructuring Proposal. The Bankruptcy Restructuring Proposal was subject to the approval by the Shanghai Third Court.

On 9 June 2023, the Company received a civil ruling dated 9 June 2023 from the Shanghai Third Court which confirmed the approval of the Bankruptcy Restructuring Proposal by the Shanghai Third Court, and the bankruptcy restructuring procedure is therefore terminated in accordance with Clauses 2 and 3 of Article 87 of the Enterprise Bankruptcy Law.

For details of the development, please refer to the announcements of the Company dated 29 September 2022, 1 February 2023, 9 March 2023, 15 March 2023, 10 April 2023 and 12 June 2023.

Resumption

- (m) The Company received letters from the Stock Exchange dated 27 April 2022 and 29 March 2023, setting out the following resumption guidance and additional resumption guidance (together, the “**Resumption Guidance**”) for the resumption of trading in the H Shares:
- (i) address the issues giving rise to the disclaimer of opinion on the 2021 Annual Results, provide comfort that the disclaimer of opinion in respect of such issues would no longer be required, and disclose sufficient information to enable investors to make an informed assessment of the Company’s financial positions as required under Rule 13.50A of the Listing Rules;
 - (ii) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules;
 - (iii) announce all material information for the Company’s shareholders and investors to appraise the Company’s position; and
 - (iv) have the bankruptcy restructuring application against the Company withdrawn or dismissed (or the bankruptcy restructuring completed) and the appointment of the Administrator discharged.

The Company must meet all Resumption Guidance, remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange’s satisfaction before trading in its securities is allowed to resume.

For details of the Resumption Guidance, please refer to the announcements of the Company dated 29 April 2022 and 3 April 2023.

As at the date of this announcement, the Company is in the process of demonstrating its fulfilment of the Resumption Guidance, among other things, the following new developments have been carried out:

- (i) the Group has published the annual results of the Group for the year ended 31 December 2022 and the Board has addressed the disclaimer of opinion in this announcement;

- (ii) the Bankruptcy Restructuring Investors had agreed to provide up to RMB100 million for the Company to implement any further steps as required for the operation of the Group's business;
- (iii) the Group has entered into (a) long-term contracts with four customers at an aggregate amount of approximately RMB182 million (value-added tax inclusive) per annum; and (b) short-term contracts with two customers at an aggregate amount of approximately RMB7 million (value-added tax inclusive), respectively; and
- (iv) up to the date of this announcement, the Company is implementing the Bankruptcy Restructuring Proposal to discharge the appointment of the Administrator upon its completion.

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

As set out above, the auditor of the Company (the "**Auditor**"), Asian Alliance (HK) CPA Limited, has issued a disclaimer of opinion on three aspects, namely (a) multiple fundamental uncertainties relating to going concern; (b) limitation of scope on accuracy and completeness of the indebtedness of the Group; and (c) lack of representation from the Administrator, Directors and management. The Company has discussed such disclaimer of opinion and its action plans with the Auditor.

(a) Multiple fundamental uncertainties relating to going concern

Background

As disclosed in Note 2(c) to the consolidated financial statements, the Bankruptcy Restructuring Proposal submitted by the Administrator has been approved by the Shanghai Third Court, and the bankruptcy restructuring procedure is therefore terminated. Up to the date of this announcement, the Bankruptcy Restructuring Proposal has been implemented by the Company but yet completed. If the Bankruptcy Restructuring Proposal could not be successfully implemented and completed, the Company will go through bankruptcy liquidation.

In addition, as stated in Notes 2(c)&(d) to the consolidated financial statements, the Group did not generate any revenue and incurred loss attributable to owners of the Company of approximately RMB1,635,927,000 for the year ended 31 December 2022 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB3,841,721,000 and the Company has net liabilities of approximately RMB3,839,405,000. The Group's total borrowings of approximately RMB1,238,428,000 were classified as current liabilities as at 31 December 2022 while its cash and cash equivalents amounted to approximately RMB483,000 as at the same date.

These conditions, along with other matters as described in Notes 2(c)&(d) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on 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(d) to the consolidated financial statements, the consolidated financial statements have been prepared by the Administrator on a going concern basis, the validity of which depends on the outcome of the measures as described in Note 2(d), which are subject to material uncertainties. The Auditor is unable to determine whether the use of the going concern assumption in the preparation of the consolidated financial statements is proper and appropriate.

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

The Board's and Audit Committee's views

As at the date of this announcement, the Bankruptcy Restructuring Proposal has been approved by the Shanghai Third Court. Pursuant to the Bankruptcy Restructuring Proposal, all the claims will be fully and finally discharged by virtue of the implementation of the Bankruptcy Restructuring Proposal. Thereafter, the Group will turn around in net asset position.

Based on the profit forecast and the working capital forecast prepared by the Company, upon the completion of the Bankruptcy Restructuring Proposal, the Group will have sufficient working capital for its business operation.

In light of the above, the Company is of the view that the audit qualification has been fully addressed.

In respect of the above Company's view, the audit committee of the Company (the "**Audit Committee**") has reviewed the audit qualification and concurs with the above view.

(b) Limitation of scope on accuracy and completeness of the indebtedness of the Group

Background

As at 31 December 2022, the Group has total indebtedness of approximately RMB3,842,268,000. Because certain managements and staffs have left the Group since 2023 and have not been replaced, the Administrator has difficulties in obtaining complete records of the 2022 Indebtedness. Also, certain creditors may fail to declare their debts due to legitimate reasons during the debt

declaration period. Thus, the 2022 Indebtedness is subject to final determination and adjudication by the Administrator and the Administrator cannot guarantee the completeness of the 2022 Indebtedness until the completion of the Bankruptcy Restructuring Proposal.

In addition, as disclosed in Notes 25 and 32 to the consolidated financial statements, given that the Anhui Court has accepted the application for Huaxing Bankruptcy Restructuring on the Deconsolidation Date, the Group no longer had the power to govern the financial and operating policies of Anhui Huaxing Group and thus the Group lost the control over Anhui Huaxing Group on the same date. As such, the financial results of Anhui Huaxing Group were deconsolidated from the Group's financial results since the Deconsolidation Date.

Under such circumstances, during the years ended 31 December 2021 and 2022, the Auditor was unable to carry out necessary audit procedures on the books and records of Anhui Huaxing Group to satisfy themselves as to the existence, ownership, completeness, accuracy, valuation and classifications of (i) its total assets and liabilities as at the Deconsolidation Date; and (ii) its profit for the period from 1 January 2021 to the Deconsolidation Date. Consequently, the Auditor was unable to satisfy themselves as to whether the loss on the Anhui Huaxing Deconsolidation of approximately RMB700,402,000 for the year ended 31 December 2021 was fairly state for the year ended 31 December 2021. There were no other satisfactory audit procedures that the Auditor could perform to obtain sufficient appropriate evidence in this regard.

During the year ended 31 December 2022, the Group received several court decisions in relation to the claims from Anhui Huaxing/the creditors of Anhui Huaxing Group as a result of bankruptcy restructuring of Anhui Huaxing and the Recognised Loss in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 and the corresponding payables of approximately RMB1,408,105,000 (included in the 2022 Indebtedness) were recorded on the consolidated statement of financial position as at 31 December 2022.

Given the circumstances as mentioned above, there were no practicable audit procedure that the Auditor could perform to satisfy themselves the accuracy and completeness of (1) the amounts recorded in the consolidated statement of profit or loss and other comprehensive income in respect of the Anhui Huaxing Group for the period from 1 January 2021 to the Deconsolidation Date, with a corresponding effect on the loss on the deconsolidation of Anhui Huaxing Group of approximately RMB700,402,000 for the year ended 31 December 2021; (2) the indebtedness of the Group of approximately RMB2,210,233,000 as at 31 December 2021; (3) the Recognised Loss of approximately RMB1,408,105,000 for the year ended 31 December 2022; and (4) the 2022 Indebtedness of the Group of approximately RMB3,842,268,000 as at 31 December 2022.

The Board's and Audit Committee's views

Given that (i) Anhui Huaxing has ceased to be a subsidiary of the Company since 13 August 2021; (ii) the claims of Anhui Huaxing has been confirmed by both the Shanghai Third Court and Anhui Huaxing; (iii) Anhui Huaxing has approved the Bankruptcy Restructuring Proposal in the first creditors' meeting; (iv) it is expected that the claims of Anhui Huaxing would be settled pursuant

to the Bankruptcy Restructuring Proposal upon the resumption of trading of the H Shares on the Stock Exchange (the “**Resumption**”); (v) all the investees of the Company (the “**Group Companies**”) are either being auctioned (for those companies in net asset position) as at the date of this announcement or will be governed by the Administrator in August 2023 (for those companies in net liability position) pursuant to the requirement of the Bankruptcy Restructuring Proposal; and (vi) it is expected that the auction or the liquidation of the Group Companies will be completed in the year ending 31 December 2023 (“**FY2023**”), all the Group Companies will be deconsolidated from the Group during FY2023. As such, the Company does not foresee any further impact resulting from Anhui Huaxing and the Group Companies in the forthcoming financial years.

Based on the above, the audit qualification will:

- (i) remain in FY2023;
- (ii) remain in the year ending 31 December 2024 (“**FY2024**”) because of the comparative figures for FY2023; and
- (iii) be removed in the year ending 31 December 2025 (“**FY2025**”).

As such, the Company is of the view that the audit qualification has been fully addressed.

In respect of the above Company’s view, the Audit Committee has reviewed the audit qualification and concurs with the above view.

(c) Lack of representation from the Administrator, Directors and management

Background

The Auditor was unable to obtain representation from the Administrator, Directors and management whether these consolidated financial statements present a true and fair view of the state of affairs of the Group as at 31 December 2022 and the results of the Group for the year then ended. As explained in Note 2 to the consolidated financial statements, following the appointment of the Administrator, the powers of the Directors were suspended with regard to the affairs and business of the Company. The Administrator prepared the consolidated financial statements for the year ended 31 December 2022 based on books and records made available to them. The Administrator made no representation as to the completeness and accuracy of the books and records made available to the Auditor. Therefore, the Auditor cannot perform any audit procedure to satisfy themselves (i) the completeness and accuracy of the financial information and the related disclosures in these consolidated financial statements; (ii) the completeness of the disclosure of commitments, contingent liabilities and related party transactions and balances in the consolidated financial statements as at 31 December 2022; and (iii) the completeness of the disclosure of events from the end of the reporting period up to the date of this announcement. As a consequence, the Administrator is not making any representation that these consolidated financial statements of the Group presented a true and fair view of the state of affairs of the Group as at 31 December 2022

and the results of the Group for the year then ended. The lack of representation from the Administrator, Directors and management on the completeness and accuracy of the information contained in these consolidated financial statements constitutes a limitation of the scope of their audit.

The Board's and Audit Committee's views

Given that (i) as at the date of this announcement, the Directors and the Administrator have the power to govern the financial and operating policies of the Group; and (ii) it is expected that the Bankruptcy Restructuring Proposal will be successfully implemented upon the Resumption, the Company does not foresee any further impact resulting from the lack of representation from Administrator, Directors and the management of the Company in the forthcoming financial years.

Based on the above, the audit qualification will:

- (i) remain in FY2023;
- (ii) remain for FY2024 because of the comparative figures for FY2023; and
- (iii) be removed in FY2025.

As such, the Company is of the view that the audit qualification has been fully addressed.

In respect of the above Company's view, the Audit Committee has reviewed the audit qualification and concurs with the above view.

PROSPECTS

The Administrator has been striving for preserving the Group's assets and operations since its appointment in February 2023. Under the Administrator's stewardship, and with the working capital funding support received from the Restructuring Investors, the Company has been gradually resuming its trading operation in 2023 to continue with the Group's agrochemical products supply chain services business that was previously operated by other subsidiaries of the Group.

The Administrator's initiative of reviving the Group's agrochemical products supply chain services business received unequivocal support from the Group's creditors and Bankruptcy Restructuring Investors. The Group expects to generate revenue with reasonable prospects from its agrochemical products supply chain services business during FY2023. Regarding the details of the above, please refer to the section headed "SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD — Resumption" in this announcement.

With the support of its creditors and the Bankruptcy Restructuring Investors, the Group has successfully steadily revived its business operations. The Bankruptcy Restructuring of the Company, if successfully implemented, will achieve the following:

- business operations of the Group to continue that would satisfy the requirements under Rule 13.24 of the Listing Rules;
- an issue of new Shares for debt capitalisation;
- all claims against, and liabilities of, the Company (other than the normal operating liabilities incurred during the ordinary course of business operations of the Group, such as daily operating expenses and administrative expenses) will be discharged and compromised in full in accordance with the Bankruptcy Restructuring Proposal; and
- the resumption of trading in the H Shares.

Further announcement(s) will be made by the Company regarding the progress of Bankruptcy Restructuring leading to the resumption of trading in the H Shares as and when appropriate.

CORPORATE GOVERNANCE

Corporate Governance Code

Save and except the following, the Board is of the view that throughout the year ended 31 December 2022, the Company has complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules.

The Company failed to publish the annual results announcement for the year ended 31 December 2022 and the environmental, social and governance report for the years ended 31 December 2021 and 2022 on time, which constituted a non-compliance with Rule 13.49(1) of and Rule 4(1) of Appendix 27 to the Listing Rules, respectively.

Pursuant to the CG Code F.1.1, F.1.2, F.2.1, F.2.2 and F.2.3, the Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation. The Company has not yet convened the annual general meeting for the year ended 31 December 2022 and therefore, it constituted a breach of the above relevant CG Code and the Company will arrange the annual general meeting in due course.

On 3 December 2021, Mr. Liu Jun resigned from his position as an independent non-executive director of the Company due to work adjustment. Following the resignation of Mr. Liu, the Board only has 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 nominated Mr. Wang Yanlong as a candidate for independent non-executive Director on 20 April 2022, and the appointment of Mr. Wang has been approved on 17 June 2022 by the Shareholders at the annual general meeting of the Company.

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 2022.

CHANGE OF DIRECTORS

The change of Directors during the year ended 31 December 2022 are as follows:

On 30 March 2022, Mr. Li Wenming resigned from his position as an executive Director.

On 17 June 2022, Mr. Wang Yanlong was elected and appointed as an independent non-executive Director at the annual general meeting held on the same date by way of an ordinary resolution.

CHANGE OF SUPERVISORS

The changes of Supervisors during the year ended 31 December 2022 are as follows:

On 26 September 2022, Ms. Sun Ting and Mr. Wang Bin were democratically elected as staff representative supervisors at the staff representative meeting.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2022, 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 auditor. 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 2022, and has met with the external auditor and discussed

the financial matters of the Group that arose during the course of audit for the year ended 31 December 2022. The Audit Committee has confirmed the audited annual results of the Group for the year ended 31 December 2022 set out in this announcement.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2022, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Auditor to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Auditor on this announcement.

DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2022 (2021: Nil).

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 2022 annual report containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course and despatched to the shareholders.

CONTINUED SUSPENSION OF TRADING

The trading of H Shares has been suspended from 11 February 2022. The H Shares will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing the shares of the Company.

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

Shanghai, PRC, 31 July 2023

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

* *For identification purpose only*