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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)

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board of directors (the “**Board**”) of Shanghai Dasheng Agriculture Finance Technology Co., Ltd. (the “**Company**”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (together the “**Group**”) for the six months ended 30 June 2023 together with comparative unaudited result for the corresponding period in 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2023	2022
	<i>Note</i>	Unaudited RMB'000	Unaudited RMB'000
Continuing operations			
Revenue		–	–
Cost of sales		<u>–</u>	<u>–</u>
Gross profit		–	–
Other income	3	–	854
Distribution costs		–	–
Administrative and other expenses		(521)	(5,319)
Impairment losses, net of reversal		–	3,404
Share of loss of associates		–	–
Loss on disposal of subsidiaries		–	–
Finance costs	5	<u>(3,143)</u>	<u>(79,798)</u>
Loss before tax	6	(3,664)	(80,859)
Income tax expense	7	<u>–</u>	<u>(6)</u>
Loss for the period from continuing operations		<u>(3,664)</u>	<u>(80,865)</u>
Loss for the period		<u><u>(3,664)</u></u>	<u><u>(80,865)</u></u>

	For the six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
<i>Note</i>	RMB'000	RMB'000
Other comprehensive expense		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	—	(1,279)
	—	(1,279)
Other comprehensive expense for the period, net of income tax	—	(1,279)
Total comprehensive expense for the period	<u>(3,664)</u>	<u>(82,144)</u>
Loss for the period attributable to owners of the Company		
– from continuing operations	(3,664)	(76,718)
	<u>(3,664)</u>	<u>(76,718)</u>
Loss for the period attributable to non-controlling interests		
– from continuing operations	—	(4,147)
	<u>(3,664)</u>	<u>(80,865)</u>

		For the six months ended 30 June	
		2023	2022
		Unaudited	Unaudited
		RMB'000	RMB'000
Total comprehensive expense for the period attributable to:	<i>Note</i>		
– Owners of the Company		(3,664)	(77,997)
– Non-controlling interests		<u>–</u>	<u>(4,147)</u>
		<u>(3,664)</u>	<u>(82,144)</u>
Loss per share			
From continuing and discontinued operations			
– Basic and diluted (RMB)	8	<u>(0.0004)</u>	<u>(0.0080)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2023 Unaudited <i>RMB'000</i>	As at 31 December 2022 Audited <i>RMB'000</i>
	<i>Note</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		23	23
Right-of-use asset		–	–
Intangible assets		–	–
Interests in associates		<u>2,293</u>	<u>2,293</u>
		<u>2,316</u>	<u>2,316</u>
CURRENT ASSETS			
Trade and other receivables	10	–	–
Restricted bank deposits		–	64
Bank balances and cash		<u>26</u>	<u>483</u>
		<u>26</u>	<u>547</u>

		As at 30 June 2023 Unaudited <i>RMB'000</i>	As at 31 December 2022 Audited <i>RMB'000</i>
	<i>Note</i>		
CURRENT LIABILITIES			
Trade and other payables	<i>11</i>	2,552,378	2,549,235
Borrowings	<i>12</i>	1,238,428	1,238,428
Tax liabilities		<u>54,605</u>	<u>54,605</u>
		3,845,411	3,842,268
NET CURRENT LIABILITIES		<u>(3,845,385)</u>	<u>(3,841,721)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(3,843,069)</u>	<u>(3,839,405)</u>
NON-CURRENT LIABILITIES			
Borrowings	<i>12</i>	–	–
Deferred tax liabilities		<u>–</u>	<u>–</u>
		<u>–</u>	<u>–</u>
NET LIABILITIES		<u>(3,843,069)</u>	<u>(3,841,721)</u>
CAPITAL AND RESERVES			
Share capital	<i>13</i>	955,108	955,108
Reserves		<u>(4,797,801)</u>	<u>(4,794,137)</u>
Equity attributable to owners of the Company		(3,842,693)	(3,839,029)
Non-controlling interests		<u>(376)</u>	<u>(376)</u>
TOTAL DEFICIT		<u>(3,843,069)</u>	<u>(3,839,405)</u>

NOTES:

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2023 (the “**Interim Financial Statements**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The accounting policies adopted in preparing the Interim Financial Statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2022, except for those accounting policy changes that are expected to be reflected in the 2023 annual financial statements as described in note 2.

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Statements contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs (as defined below).

The Interim Financial Statements is unaudited, but it has been reviewed by the Company’s audit committee.

The financial information relating to the financial year ended 31 December 2022 that is included in the Interim Financial Statements as comparative information does not constitute the Group’s annual consolidated financial statements prepared under the Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA (“**HKFRS**”) for that financial year but is derived from those financial statements. The Group’s financial information relating to the financial year ended 31 December 2022 which is included in the annual report for the year ended 31 December 2022 is available at the Company’s registered office. The auditor had reported and had disclaimed their opinion on those financial statements.

During the period, the Group had net current liabilities of RMB3,842,242,000 as at 30 June 2023. As at 30 June 2023, the Group’s total borrowings amounted to approximately RMB1,238,428,000, all of which were classified as current liabilities, while its cash and cash equivalents amounted to approximately RMB26,000 only. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

However, 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 imposition of the debt restructuring process and retrieving the business operations of the Group.

The directors of the Company (the “**Directors**”) are of the opinion that the Group would be able to have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2023, after taking into consideration the above measures. Accordingly, the Director are of the opinion that it is appropriate to prepare Interim Financial Statements on a going concern basis.

There are significant uncertainties as to the outcomes of the above events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Should the use of the going concern basis in preparation of the Interim Financial Statements be determined to be not appropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their realisable values, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the unaudited Interim Financial Statements. These unaudited Interim Financial Statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2022, which have been prepared in accordance with the HKFRS, the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements and included applicable disclosures required by the Listing Rules.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this Interim Financial Statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. TURNOVER AND OTHER INCOME AND GAINS

Turnover represents the income from agricultural and petrochemical products supply chain services, provision of financial leasing and commercial factoring services, and agrochemical products supply chain services net of taxes, discounts, returns and allowances, where applicable and after eliminating sales within the Group.

	For the six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover:		
Agricultural and petrochemical products supply chain services	-	-
Financial leasing and commercial factoring services	-	-
Agrochemical products supply chain services	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Other income and gains:		
Government grants	-	53
Interest income	-	1
Others	-	800
	<u>-</u>	<u>854</u>
	<u>-</u>	<u>854</u>

4. SEGMENT INFORMATION

(a) Primary reporting format — business segments

The Group determines its operating segments based on the internal reports reviewed by the chief operating decision maker (i.e. Chief Executive Officer of the Group) who makes strategic decisions.

During the six months ended 30 June 2023, the Group 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 — sale of 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

The segment results for the six months ended 30 June 2023 are as follows:

	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	(521)	—	—	(521)
Finance costs	(3,143)	—	—	(3,143)
Loss before income tax expense				(3,664)
Income tax expense				<u>—</u>
Loss for the period				<u>(3,664)</u>

4. SEGMENT INFORMATION (Continued)

(a) Primary reporting format – business segments (Continued)

The segment results for the six months ended 30 June 2022 are as follows:

	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	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Reportable segment loss	(1,059)	(2)	–	(1,061)
Finance costs	(79,798)	–	–	(79,798)
Loss on disposal of subsidiaries				<u>–</u>
Loss before income tax expense				(80,859)
Income tax expense				<u>(6)</u>
Loss for the period				<u><u>(80,865)</u></u>

4. SEGMENT INFORMATION (Continued)

(a) Primary reporting format – business segments (Continued)

Other segment items included in the condensed consolidated statement of comprehensive income are as follows:

	Six months ended 30 June 2023				Six months ended 30 June 2022				Total RMB'000
	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	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	
Depreciation	-	-	-	-	21	-	-	-	21
Amortisation	-	-	-	-	-	-	-	-	-

The reportable segment assets and liabilities at 30 June 2023 are as follows:

	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 assets	<u>2,339</u>	<u>3</u>	<u>-</u>	<u>2,342</u>
Reportable segment liabilities	<u>(3,824,805)</u>	<u>(20,606)</u>	<u>-</u>	<u>(3,845,411)</u>

4. SEGMENT INFORMATION (Continued)

(a) Primary reporting format – business segments (Continued)

The reportable segment assets and liabilities at 31 December 2022 are as follows:

	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 assets	<u>2,860</u>	<u>3</u>	<u>–</u>	<u>2,863</u>
Reportable segment liabilities	<u>(3,821,662)</u>	<u>(20,606)</u>	<u>–</u>	<u>(3,842,268)</u>

(b) Secondary reporting format – geographical segments

No geographical segment information is presented as the entire Group's revenue from external customers is mainly derived from customers located in the PRC and all the Group's non-current assets are located in the PRC, which is considered as one geographic location with similar risks and returns.

5. FINANCE COSTS

	For the six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense on borrowing wholly repayable within five years and discounted commercial notes	3,143	79,798
Interest expense on lease liabilities	<u>–</u>	<u>–</u>
Total finance costs	<u>3,143</u>	<u>79,798</u>

6 LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
	RMB'000	RMB'000
Depreciation of investment properties and property, plant and equipment	–	21
Staff costs	330	2,897
Cost of inventories recognised as expenses	–	–
Operating lease rental expenses in respect of		
– Land and buildings	34	922
Impairment loss recognised (reversed) on trade and other receivables	–	(3,404)
	<u>–</u>	<u>(3,404)</u>

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2023	2022
	Unaudited	Unaudited
	RMB'000	RMB'000
Current income tax	–	6
– PRC enterprise income tax	–	–
– Hong Kong profits tax	–	–
	<u>–</u>	<u>–</u>
Deferred income tax	–	6
	<u>–</u>	<u>6</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 periods.

8. LOSS PER SHARE

Loss per share is calculated by dividing the loss attributable to owners of the Company of RMB(520,915.40) (six months ended 30 June 2022: RMB(76,718,000.0)) by the weighted average number of ordinary shares in issue throughout the period of 9,551,079,812 shares (six months ended 30 June 2022: 9,551,079,812 shares).

	For the six months ended 30 June	
	2023 Unaudited	2022 Unaudited
Loss attributable to owners of the Company (RMB'000)	<u>(3,664)</u>	<u>(76,718)</u>
Weighted average number of ordinary shares in issue (thousands)	<u>9,551,080</u>	<u>9,551,080</u>
Basic loss per share (RMB per share)	<u>(0.0004)</u>	<u>(0.0080)</u>

9. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

10. TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
	Trade receivables	–
Bank notes receivable	<u>–</u>	<u>–</u>
Total trade and notes receivables	–	–
Prepayments and deposits	–	–
Other receivables	<u>751,783</u>	<u>751,783</u>
	751,783	751,783
Less: Impairment loss recognised on trade and other receivables	<u>(751,783)</u>	<u>(751,783)</u>
	<u>–</u>	<u>–</u>

11. TRADE AND OTHER PAYABLES

	As at 30 June 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
Trade payables		
Notes payable	27,781	27,781
	<u>–</u>	<u>–</u>
	<u>27,781</u>	<u>27,781</u>
Amount due to related companies (<i>note (a)</i>)	73,963	73,963
Other payables and accruals	<u>2,450,634</u>	<u>2,447,491</u>
	<u>2,552,378</u>	2,549,235
Less: non-current portion	<u>–</u>	<u>–</u>
Current portion	<u><u>2,549,235</u></u>	<u><u>2,549,235</u></u>

The ageing analysis of trade payables is as follows:

	As at 30 June 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
Agricultural and petrochemical products supply chain services Over 3 years	<u>27,781</u>	<u>27,781</u>
Total	<u><u>27,781</u></u>	<u><u>27,781</u></u>

Note:

(a) The amounts are interest-free, unsecured and repayable on demand.

12. BORROWINGS

	As at 30 June 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
Bank borrowings		
Secured – interest-bearing loans	<u>218,555</u>	<u>218,555</u>
Other borrowings		
Secured – interest-bearing loans	<u>1,019,873</u>	<u>1,019,873</u>
	<u>1,238,428</u>	<u>1,238,428</u>

As at 30 June 2023 and 31 December 2022, total borrowings of the Group were repayable as follows:

	As at 30 June 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
On demand or within one year	<u>1,238,428</u>	<u>1,238,428</u>
More than one year, but not exceeding five years	<u>–</u>	<u>–</u>
	<u>1,238,428</u>	<u>1,238,428</u>

13. SHARE CAPITAL

	Number of ordinary shares	Amount RMB'000
Authorised, issued and fully paid: Ordinary share of RMB0.1 each		
At 1 January 2022	<u>9,551,079,812</u>	<u>955,108</u>
At 30 June 2022 and 31 December 2022	<u>9,551,079,812</u>	<u>955,108</u>
At 30 June 2023	<u>9,551,079,812</u>	<u>955,108</u>

14. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

	As at 30 June 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
Financial assets		
Loan and receivables (including cash and cash equivalents)	<u>26</u>	<u>547</u>
Financial liabilities		
Amortised cost	<u>3,790,806</u>	<u>3,787,663</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

On 3 February 2023, BDO China Shu Lun Pan Certified Public Accountants LLP was appointed as the administrator (the “**Administrator**”) of the Company for its bankruptcy restructuring pursuant to a civil ruling dated 19 January 2023 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 regarding the Company was unable to repay the debts failing due (the “**Bankruptcy Restructuring**”).

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 imposition of the debt restructuring process and retrieving the business operations of the Group.

In the first half of 2023, turnover of the Group was nil, representing a drop of 100% as compared to last year. 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 half-year was approximately RMB3,664,000, which was primarily due to the reduction in the number of staff and the withdrawal of lease of offices.

The Company received a civil ruling dated 9 June 2023 from the Shanghai Third Court which confirmed the approval of the bankruptcy restructuring proposal submitted by the joint potential bankruptcy restructuring investors (the “**Bankruptcy Restructuring Investors**”) to the Administrator (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 of the PRC (the “**Enterprise Bankruptcy Law**”). Further 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 Bankruptcy Restructuring.

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

For the six months ended 30 June 2023, 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

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

Financial Leasing and Commercial Factoring Services

For the six months ended 30 June 2023, turnover of the Group's financial leasing and commercial factoring services was nil; and the gross loss was nil.

Other Income and gains

For the six months ended 30 June 2023, the Group's other income and gains, including government grants and interest income, were nil (six months ended 30 June 2022: approximately RMB854,000).

Distribution Costs

For the six months ended 30 June 2023, the Group's distribution costs were nil (six months ended 30 June 2022: nil).

Administrative Expenses

For the six months ended 30 June 2023, administrative expenses of the Group were approximately RMB521,000 (six months ended 30 June 2022: approximately RMB5,319,000). The decrease in administrative expenses of the Group during the period was mainly attributable to the reduction in the number of staff and the withdrawal of lease of offices.

Share of loss of associates

For the six months ended 30 June 2023, the share of loss of associates was nil.

Finance Costs

For the six months ended 30 June 2023, finance costs of the Group were approximately RMB3,143,000 representing a decrease of approximately 96.06% as compared to RMB79,798,000, of the corresponding period last year.

Loss Attributable to Owners of the Company

For the six months ended 30 June 2023, the loss attributable to owners of the Company was approximately RMB3,664,000, which was mainly attributable to accumulated expenses such as rent and social insurance and interest expenses under business stagnation.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Capital Structure

As at 30 June 2023, the Group's total assets less current liabilities were approximately RMB(3,843,069,000) (31 December 2022: approximately RMB(3,839,405,000)), including non-current assets of approximately RMB2,316,000 (31 December 2022: RMB2,316,000) and net current liabilities of approximately RMB3,845,385,000 (31 December 2022: net current liabilities of approximately RMB3,841,721,000).

As at 30 June 2023, the equity attributable to owners of the Company was approximately RMB(3,842,693,000) and as at 31 December 2022 it was approximately RMB(3,839,029,000).

Liquidity and Financial Resources

As at 30 June 2023 and 31 December 2022, the Group had restricted bank deposits and cash and cash equivalents of approximately nil and RMB64,000 respectively.

As at 30 June 2023 and 31 December 2022, the Group had short-term borrowings of approximately RMB1,238,428,000 and RMB1,238,428,000 respectively.

As at 30 June 2023 and 31 December 2022, debt-to-asset ratios of the Group were approximately 164,193% and 134,204%, respectively. Debt 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 30 June 2023, the net book value of the Group's right-of-use assets was nil (as at 31 December 2022, the Group's restricted bank deposits were approximately RMB64,000). As at 30 June 2023, the net book value of property, plant and equipment was RMB23,000 (31 December 2022: RMB23,000).

EMPLOYEE INFORMATION

As at 30 June 2023, the Group had 12 employees (31 December 2022: 12 employees). Total employees' remuneration payable in the future would amount to approximately RMB1,657,000 (total employees' remuneration for six months ended 30 June 2022: approximately RMB2,897,000). Employees' remuneration is determined by reference to industry practice as well as the performance,

qualification and working experience of individual employee. Remuneration packages comprised basic salary, discretionary bonus, state-managed retirement benefit schemes for employees in the PRC and mandatory provident funds schemes for employees in Hong Kong.

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

The Company did not have any significant investments, material acquisitions and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2023.

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 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**”) 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 restructuring investor of Anhui Huaxing 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 Agricultural Group Co., Ltd. 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 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.

Bankruptcy Restructuring

- (f) On 29 September 2022, the Company received a notice issued by the Shanghai Third Court 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 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, 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.

Upon termination of the bankruptcy restructuring procedure, the Administrator is responsible for supervising the implementation of the Bankruptcy Restructuring Proposal and the Company is responsible for reporting the implementation of the Bankruptcy Restructuring Proposal and its financial position to the Administrator. Both the implementation period and the supervision period represent the period from the approval of the Bankruptcy Restructuring Proposal by the Shanghai Third Court to the completion of the Bankruptcy Restructuring Proposal. The implementation period lasts up to 18 months. Upon the end of the supervision period, 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. As at the date of this announcement, the Board has resumed to take up responsibilities over the business direction and operational decisions of the Company.

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

- (g) 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 annual results of the year ended 31 December 2021 of the Group, 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 Company will be provided up to RMB100 million 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 seven customers at an aggregate amount of approximately RMB215 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.

For details of the status of resumption, please refer to the announcements of the Company dated 10 May 2022, 10 August 2022, 10 November 2022, 10 February 2023, 10 May 2023 and 16 August 2023.

EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, the Group has entered into (a) long-term contracts for the supply of soil remediation fertiliser and soil remediation service for a period from three to five years with seven customers at an aggregate amount of approximately RMB215 million (value-added tax inclusive) per annum; and (b) short-term contracts for the supply of compound microbial fertiliser for five months with two customers at an aggregate amount of approximately RMB7 million (value-added tax inclusive), respectively. The Group has received confirmed purchase orders of approximately RMB22.7 million as at the date of this announcement.

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 Bankruptcy Restructuring Investors, the Group has successfully and steadily resumed its business operations. The Company intends to continue to focus on its existing agrochemical supply chain services business in its ongoing business development.

The management of the Group will also continue to dedicate its efforts in resolving the Group's historical financial issues through maintaining in-depth discussions and planning with restructuring investors, such that it may continue to accelerate the restructuring of the Group's existing business and focus resources on developing its core business and explore new opportunities.

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 the year ending 31 December 2023. Regarding the details of the above, please refer to the paragraph headed “SIGNIFICANT EVENTS DURING 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

The Board is of the view that throughout the six months ended 30 June 2023, 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.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 Directors and the Supervisors of the Company confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2023.

Change in Authorised Representative

On 10 August 2023, Ms. Au Wing Sze has been appointed as the authorised representative of the Company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong); and on 16 August 2023, the place of business in Hong Kong of the Company has been changed to 31/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2023, 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 of the Company (the “**Audit Committee**”) has adopted the terms of reference of 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 one non-executive Director, namely, Mr. Lu Tingfu. The chairman of the Audit Committee is Mr. Chung Cheuk Ming.

The Audit Committee, together with the management of the Company, has reviewed the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023 and had the opinion that the preparation of the interim results is in compliance with the applicable accounting standards and requirements (including on a going concern basis) and the Listing Rules.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

DIRECTORS' INTEREST IN A COMPETING BUSINESS

None of the Directors or any of their respective associates had an interest in a business which competes or may compete with the business of the Group.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and of the Company (<http://www.dsgd-sh.co>). The 2023 interim report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders and made available on the above websites in due course.

APPRECIATION

On behalf of the Board, I wish to express my sincere gratitude to the members of the Board, the management and the staff of the Group for their industrious performance and dedication during the past half year, and to the shareholders and business partners for their continuous support for the Group.

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

Shanghai, PRC, 31 August 2023

As at the date of this announcement, the Board comprises two executive directors: Mr. Lan Huasheng and Mr. Wang Ligu; 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 illustrative purposes only*