



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)
(於中華人民共和國註冊成立之股份有限公司)

Stock code 股份代號: 1103



增強結構
發揮實力
PURSUIT OF
STRONG STRUCTURE
DEVELOPMENT



Interim Report
2021 中期報告

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Lan Huasheng (*Chairman*)
Wang Liguo (*Chief Executive Officer*)
Li Wenming (*appointed on 18 June 2021*)

Non-Executive Directors

Lu Tingfu

Independent Non-Executive Directors

Chung Cheuk Ming
Yang Gaoyu
Liu Jun

SUPERVISORS

Zheng Yong (*Chairman*)
Zhao Xufeng
Ye Mingzhu
Sun Ting
Wang Bin

AUDITOR

Asian Alliance (HK) CPA Limited

REGISTERED OFFICE

706 Renhe Building
2056 Pudong Road
Pudong New Area
Shanghai PRC
Postal code: 200135

PRINCIPAL PLACE OF BUSINESS IN CHINA

20F, Building G
Gateway International Plaza
No. 327 Tian Yao Qiao Road
Xuhui District
Shanghai, PRC

PLACE OF BUSINESS IN HONG KONG

Unit 16, 28/F
Hong Kong Plaza
No. 188 Connaught Road West
Hong Kong

COMPANY WEBSITE

www.dsgd-sh.co

COMPANY SECRETARY

Qian Di (*resigned on 16 July 2021*)
Lee Chung Shing
(*appointed on 16 July 2021*)

AUTHORISED REPRESENTATIVES

Lee Chung Shing
Wang Liguo

MEMBERS OF THE AUDIT COMMITTEE

Chung Cheuk Ming (*Chairman*)
Lu Tingfu
Yang Gaoyu

MEMBERS OF THE REMUNERATION AND ASSESSMENT COMMITTEE

Yang Gaoyu (*Chairman*)
Lu Tingfu
Chung Cheuk Ming

MEMBERS OF THE NOMINATION COMMITTEE

Lan Huasheng (*Chairman*)
Chung Cheuk Ming
Yang Gaoyu

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shop 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of Communications
Bank of Shanghai
SPD Bank

STOCK CODE

1103

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 2021 together with comparative unaudited result for the corresponding period in 2020.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		For the six months ended 30 June	
		2021	2020
	Note	Unaudited RMB'000	Unaudited RMB'000
Continuing operations			
Revenue	3	936,940	895,491
Cost of sales		(747,903)	(699,915)
Gross profit		189,037	195,576
Other income	3	34,821	12,122
Distribution costs		(35,000)	(30,655)
Administrative and other expenses		(126,599)	(93,284)
Impairment losses, net of reversal		–	(7,408)
Share of loss of associates		(2,673)	–
(Loss) profit on disposal of subsidiaries		(38,213)	86,090
Finance costs	5	(81,138)	(103,567)
(Loss) profit before tax	6	(59,765)	58,874
Income tax expense	7	(11,198)	(11,277)
(Loss) profit for the period from continuing operations		(70,963)	47,597
Discontinued operations			
Profit for the period from discontinued operations, net of income tax	8	572	2,780
(Loss) profit for the period		(70,391)	50,377
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(220)	561
		(220)	561
Other comprehensive (expense) income for the period, net of income tax		(220)	561
Total comprehensive (expense) income for the period		(70,611)	50,938

Consolidated Statement of Profit or Loss and Other Comprehensive Income *(Continued)*

	Note	For the six months ended 30 June	
		2021 Unaudited RMB'000	2020 Unaudited RMB'000
(Loss) profit for the period attributable to owners of the Company			
– from continuing operations		(70,813)	55,698
– from discontinued operations		457	2,224
		(70,356)	57,922
(Loss) profit for the period attributable to non-controlling interests			
– from continuing operations		(150)	(8,101)
– from discontinued operations		115	556
		(35)	(7,545)
		(70,391)	50,377
Total comprehensive (expense) income for the period attributable to:			
– Owners of the Company		(70,576)	58,483
– Non-controlling interests		(35)	(7,545)
		(70,611)	50,938
(Loss) profit per share			
From continuing and discontinued operations			
– Basic and diluted (RMB)	9	(0.007)	0.006
From continuing operations			
– Basic and diluted (RMB)		(0.007)	0.006

Consolidated Statement of Financial Position

		As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
	<i>Note</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		880,039	905,368
Right-of-use asset		89,616	90,876
Intangible assets		5,728	5,913
Interests in associates		24,987	38,318
Equity instruments at fair value through other comprehensive income ("FVTOCI")		–	–
Trade and other receivables – non-current portion	12	–	–
Deferred tax assets		–	–
		1,000,370	1,040,475
CURRENT ASSETS			
Inventories	11	192,482	319,223
Trade and other receivables	12	436,361	392,725
Restricted bank deposits		183	10,641
Bank balances and cash		18,581	55,262
		647,607	777,851
Assets classified as held for sale	8	–	127,366
		647,607	905,217

Consolidated Statement of Financial Position (Continued)

	Note	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
CURRENT LIABILITIES			
Trade and other payables	13	1,353,597	1,265,428
Lease liabilities		–	–
Contract liabilities		126,704	303,574
Borrowings	14	1,243,491	1,281,700
Tax liabilities		62,153	57,057
		2,785,945	2,907,759
Liabilities associated with assets classified as held for sale	8	–	91,318
		2,785,945	2,999,077
NET CURRENT LIABILITIES		(2,138,338)	(2,093,860)
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,137,968)	(1,053,385)
NON-CURRENT LIABILITIES			
Other payables – non-current portion		3,713	3,961
Borrowings	14	–	–
Deferred tax liabilities		4,109	3,128
		7,822	7,089
NET LIABILITIES		(1,145,790)	(1,060,474)
CAPITAL AND RESERVES			
Share capital	15	955,108	955,108
Reserves		(2,100,119)	(2,031,189)
Equity attributable to owners of the Company		(1,145,011)	(1,076,081)
Non-controlling interests		(779)	15,607
TOTAL DEFICIT		(1,145,790)	(1,060,474)

Condensed Consolidated Statement of Changes In Equity – Unaudited

	Share capital	Capital reserve	Statutory reserve fund	Other reserve	Currency translation reserve	Available-for-sale investments reserve	Retained earnings/ accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	955,108	2,148,957	172,199	—	1,422	4,554	(4,358,321)	(1,076,081)	15,607	(1,060,474)
Profit (loss) for the period	—	—	—	—	—	—	(70,356)	(70,356)	(35)	(70,391)
Exchange differences arising on translation of foreign operations	—	—	—	—	(220)	—	—	(220)	—	(220)
Total comprehensive income(expense) for the period	—	—	—	—	(220)	—	(70,356)	(70,576)	(35)	(70,611)
Transfer to statutory reserve fund	—	—	—	—	—	—	—	—	—	—
Disposal of a subsidiary	—	—	—	—	—	1,646	—	1,646	(16,351)	(14,705)
At 30 June 2021 (unaudited)	955,108	2,148,957	172,199	—	1,202	6,200	(4,428,677)	(1,145,011)	(779)	(1,145,790)
At 1 January 2020	955,108	2,366,184	116,333	17,912	3,554	5,050	(3,576,558)	(112,417)	(560,546)	(672,963)
Profit (loss) for the period	—	—	—	—	—	—	57,922	57,922	(7,545)	50,377
Exchange differences arising on translation of foreign operations	—	—	—	—	561	—	—	561	—	561
Total comprehensive income(expense) for the period	—	—	—	—	561	—	57,922	58,483	(7,545)	50,938
Transfer to statutory reserve fund	—	—	5,047	—	—	—	(5,047)	—	—	—
Disposal of a subsidiary	—	—	(30,589)	(17,912)	(793)	—	30,589	(18,705)	(48,102)	(66,807)
At 30 June 2020 (unaudited)	955,108	2,366,184	90,791	—	3,322	5,050	(3,493,094)	(72,639)	(616,193)	(688,832)

Condensed Consolidated Statement of Cash Flows – Unaudited

	For the six months ended 30 June	
	2021	2020
	Unaudited RMB'000	Unaudited RMB'000
Net cash from/(used in) operating activities	14,456	82,927
Net cash from/(used in) investing activities	(12,928)	(82,436)
Net cash from/(used in) financing activities	(38,209)	(14,061)
Net increase/(decrease) in cash and cash equivalents	(36,681)	(13,570)
Cash and cash equivalents at beginning of the period	55,262	65,222
Cash and cash equivalents at end of the period	18,581	51,652

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 2021 (“**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 2020, except for those accounting policy changes that are expected to be reflected in the 2021 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 2020 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.

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 2020 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 2020 which is included in the annual report for the year ended 31 December 2020 is available at the Company’s registered office. The auditor had reported and had disclaimed their opinion on those financial statements.

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

During the period, the Group had net current liabilities of RMB2,138,338,000 as at 30 June 2021. As at 30 June 2021, the Group's total borrowings amounted to approximately RMB1,243,491,000, of which approximately RMB1,243,491,000 were classified as current liabilities, while its cash and cash equivalents amounted to approximately RMB18,581,000 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.

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 exploration of possible debt restructuring opportunities and the enhancement of the Group's agrochemical products supply chain services. For details, see "Action Plan of the Group to Address the Going Concern Issue" below.

The directors of the Company (the "**Directors**") have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 30 June 2021. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will 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 2021. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated 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 2020, 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	
	2021 Unaudited RMB'000	2020 Unaudited RMB'000
Turnover:		
Agricultural and petrochemical products supply chain services	–	–
Financial leasing and commercial factoring services	–	3,219
Agrochemical products supply chain services	936,940	892,272
	936,940	895,491
Other income and gains:		
Government grants	2,616	4,371
Interest income	227	520
Others	31,978	7,231
	34,821	12,122

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 2021, 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

Operating segments regarding agricultural big-data services had been discontinued during the year ended 31 December 2020. The segment information reported below does not include any amounts for the discontinued operation, which are described in more details in Note 8 to the Interim Financial Statements.

4. SEGMENT INFORMATION (Continued)

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

The segment results for the six months ended 30 June 2021 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	-	-	936,940	936,940
Reportable segment profit(loss)	(5,752)	(6)	65,344	59,586
Finance costs	(65,682)	-	(15,456)	(81,138)
Loss on disposal of subsidiaries	(38,213)	-	-	(38,213)
Loss before income tax expense				(59,765)
Income tax expense				(11,198)
Loss for the period				(70,963)

The segment results for the six months ended 30 June 2020 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	-	3,219	892,272	895,491
Reportable segment profit(loss)	(5,552)	1,146	80,757	76,351
Finance costs	(63,945)	(23,110)	(16,512)	(103,567)
Profit on disposal of subsidiaries	86,090	-	-	86,090
Profit before income tax expense				58,874
Income tax expense				(11,277)
Profit for the period				47,597

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 2021				Six months ended 30 June 2020			
	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	48	-	14,252	14,300	184	77	14,275	14,536
Amortisation	-	-	1,881	1,881	-	5	832	837

The reportable segment assets and liabilities at 30 June 2021 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	166,537	25	1,481,415	1,647,977
Reportable segment liabilities	(1,958,926)	(20,605)	(814,236)	(2,793,767)

The reportable segment assets and liabilities at 31 December 2020 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	200,737	30	1,617,559	1,818,326
Reportable segment liabilities	(1,915,120)	(20,606)	(979,122)	(2,914,848)

4. SEGMENT INFORMATION *(Continued)*

(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	
	2021	2020
	Unaudited RMB'000	Unaudited RMB'000
Interest expense on borrowing wholly repayable within five years and discounted commercial notes	81,138	103,533
Interest expense on lease liabilities	–	34
Total finance costs	81,138	103,567

6. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

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

	For the six months ended 30 June	
	2021	2020
	Unaudited RMB'000	Unaudited RMB'000
Depreciation of investment properties and property, plant and equipment	14,300	14,536
Staff costs	41,051	43,355
Cost of inventories recognised as expenses	745,037	696,393
Operating lease rental expenses in respect of – Land and buildings	498	696
Impairment loss recognised (reversed) on trade and other receivables	–	(25)
Impairment loss reversed on interests in associates	–	7,433

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2021 Unaudited RMB'000	2020 Unaudited RMB'000
Current income tax		
PRC enterprise income tax	10,217	10,674
Hong Kong profits tax	–	–
Deferred income tax	981	603
	11,198	11,277

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.

Anhui Huaxing Chemical Industry Company Limited* (安徽華星化工有限公司) ("Anhui Huaxing"), one of the Company's subsidiaries, obtained the qualification of High and New Technology Enterprise from the relevant PRC government authorities and is subject to a preferential tax rate of 15%.

8. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE

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

	For the six months ended 30 June	
	2021 Unaudited RMB'000	2020 Unaudited RMB'000
Profit for the period from:		
Agricultural big-data services operation	572	2,780
	572	2,780

Assets classified as held for sale is set out below:

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
	Assets classified as held for sale related to:	
Agricultural big-data services operation	–	127,366
	–	127,366

8. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE (Continued)

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

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
Liabilities associated with assets classified as held for sale related to:		
Agricultural big-data services operation	–	93,318
	–	93,318

9. (LOSS) EARNINGS PER SHARE

Loss per share is calculated by dividing the loss attributable to owners of the Company of RMB(70,356,000) (six months ended 30 June 2020: RMB57,922,000) by the weighted average number of ordinary shares in issue throughout the period of 9,551,079,812 shares (six months ended 30 June 2020: 9,551,079,812 shares as restated).

	For the six months ended 30 June	
	2021 Unaudited	2020 Unaudited
(Loss) profit attributable to owners of the Company (RMB'000)	(70,356)	57,922
Weighted average number of ordinary shares in issue (thousands)	9,551,080	9,551,080
Basic (loss) earnings per share (RMB per share)	(0.007)	0.006

Diluted (loss) earnings per share equals to basic (loss) earnings per share, as there were no potential dilutive ordinary shares issued during the six months ended 30 June 2021 and 2020.

10. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

11. INVENTORIES

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
Consumables	8,106	7,701
Work in progress	5,925	2,852
Finished goods	123,362	239,709
Raw materials	55,090	68,961
	192,482	319,223

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
Trade receivables	926,656	827,252
Bank notes receivable	4,216	24,853
Finance lease receivables	-	-
Factoring loan receivables	-	-
Total trade and notes receivables	930,872	852,105
Prepayments and deposits	35,951	42,697
Other receivables	2,212,051	2,224,593
Amount due from associates	3,337	110
Amount due from related companies	8,228	1,274
Less: Allowance for credit losses	(2,754,078)	(2,728,054)
	436,361	392,725
Classified as:		
Non-current assets	-	-
Current assets	436,361	392,725
	436,361	392,725

12. TRADE AND OTHER RECEIVABLES (Continued)

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

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
Agricultural and petrochemical products supply chain services (note (a))		
Less than 31 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
91 days to less than 1 year	-	-
1 year to less than 2 years	109	610
2 years to less than 3 years	107,175	109,462
Over 3 years	609,915	608,118
	717,199	718,190
Agrochemical products supply chain services (note (b))		
Less than 6 months	186,223	57,328
6 months to less than 1 year	9,056	75,410
1 year to less than 2 years	18,293	941
2 years to less than 3 years	-	-
Over 3 years	101	236
	213,673	133,915
Total	930,872	852,105

Notes:

- (a) For agricultural and petrochemical products supply chain services, credit terms granted to individual customer vary on a customer-by-customer basis which is determined by management with reference to the creditability of respective customer. Normally, the general credit period is ranging from 30 to 180 days.
- (b) For agrochemical products supply chain services, the credit period is negotiated on individual basis and ranges from 30 days to 60 days.

13. TRADE AND OTHER PAYABLES

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
Trade payables	167,532	160,049
Notes payable	–	10,000
	167,532	170,049
Amount due to related companies (note (a))	139,037	100,481
Other payables and accruals	851,161	799,279
Financial guarantee contracts (note (b))	199,580	199,580
	1,357,310	1,269,389
Less: non-current portion	(3,713)	(3,961)
Current portion	1,353,597	1,265,428

The ageing analysis of trade payables is as follows:

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
Agricultural and petrochemical products supply chain services		
Less than 6 months	–	–
6 months to less than 1 year	–	–
1 year to less than 2 years	–	–
2 years to less than 3 years	–	27,781
3 years and over	27,988	207
	27,988	27,988
Agrochemical products supply chain services		
Less than 6 months	123,713	129,305
6 months to less than 1 year	10,997	7,985
1 year to less than 2 years	2,041	2,155
2 years to less than 3 years	545	723
3 years and over	2,248	1,893
	139,544	142,061
Total	167,532	170,049

13. TRADE AND OTHER PAYABLES (Continued)

Notes:

- (a) The amounts are interest-free, unsecured and repayable on demand.
- (b) As at 30 June 2021, the Group provided financial guarantees to banks in respect of bank facilities granted to a third party (formerly a subsidiary of the Company).

14. BORROWINGS

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
Bank borrowings		
Secured – interest-bearing loans	382,170	391,015
Other borrowings		
Secured – interest-bearing loans	861,321	890,685
	1,243,491	1,281,700

As at 30 June 2021 and 31 December 2020, total borrowings of the Group were repayable as follows:

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
On demand or within one year	1,243,491	1,281,700
More than one year, but not exceeding five years	–	–
	1,243,491	1,281,700

15. SHARE CAPITAL

	Number of ordinary shares	Amount RMB'000
Authorised, issued and fully paid:		
Ordinary share of RMB0.1 each At 1 January 2020	9,551,079,812	955,108
At 30 June 2020 and 31 December 2020	9,551,079,812	955,108
At 30 June 2021	9,551,079,812	955,108

16. DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2021

Shanghai Runtong Industrial and Investment Co., Limited* (上海潤通實業投資有限公司) (“Shanghai Runtong”)

Analysis of assets and liabilities over which control was lost:

	RMB'000
Property, plant and equipment	6,928
Intangible assets	3,950
Equity instruments at FVTOCI	4,421
Deferred tax assets	376
Inventory	69
Restricted bank deposits	79,807
Bank balances and cash	664
Trade and other receivables	24,879
Amount due from group companies	38,360
Deferred tax liabilities	(1)
Trade and other payables	(78,018)
Amount due to subsidiaries	1,922
Current income tax liabilities	(1,600)
Net assets	81,757

16. DISPOSAL OF SUBSIDIARIES (Continued)

During the six months ended 30 June 2021 (Continued)

Shanghai Runtong Industrial and Investment Co., Limited* (上海潤通實業投資有限公司) (“Shanghai Runtong”) (Continued)

Loss on disposal of a subsidiary:

	RMB'000
Consideration received	28,840
Amount due to subsidiaries	–
Financial guarantee	–
Capital reserve	–
Exchange reserve	–
Equity instruments at FVTOCI	(1,647)
Non-controlling interest	16,351
Net assets disposed of	(81,757)
Loss on disposal	(38,213)

Net cash outflow arising on disposal:

	RMB'000
Cash consideration	–
Less: cash and cash equivalent balances disposed of	(664)
	(664)

17. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

	As at 30 June 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
Financial assets		
Equity instruments at FVTOCI	–	–
Loan and receivables (including cash and cash equivalents)	419,174	415,931
	419,174	415,931
Financial liabilities		
Financial guarantee at fair value	199,580	199,580
Amortised cost	2,399,266	2,351,509

Management Discussion and Analysis

FINANCIAL AND BUSINESS REVIEW

In the first half of 2021, the business environment was still under negative impacts of the COVID-19 pandemic, international politics and the slowdown of China's GDP growth, while market capital tended to be more conservative. The Group concentrated on stabilizing and expanding the agrochemical products supply chain service business segment, while actively managing contingent liabilities and relevant litigations.

BUSINESS OPERATIONS

The existing main businesses of the Group comprise two business segments, namely "agrochemical products supply chain services" and "agricultural and petrochemical products supply chain service".

After the completion of disposal of the Shanghai Runtong Shares (as defined below) on 5 July 2021, the Company no longer engages in agricultural big-data services, and the Group has removed the "agricultural big-data services" segment from the Group. Please refer to the announcements of the Company dated 18 August 2015, 24 December 2015, 28 April 2016, 27 July 2016, 21 March 2018, 3 December 2018, 11 July 2019, 22 January 2020, 26 May 2020, 30 November 2020, 3 December 2020, 25 February 2021, 14 April 2021 and 5 July 2021 for details.

AGROCHEMICAL PRODUCTS SUPPLY CHAIN SERVICES BUSINESS

Agrochemical products supply chain services commenced in 2018 and are mainly engaged in development of bio-engineering products and sale of chemical products, pesticides, chemical fertilisers, packaged seeds and agricultural machinery and is operated by Anhui Huaxing and its subsidiary ("**Anhui Huaxing Group**"), which are wholly-owned subsidiaries of the Company. The self-owned production site with approximately 1,100 mu is located in Anhui, the PRC with around 1,300 employees. The product range comprises three main series, namely insecticides, herbicides and germicides, with over 40 original drugs and over 100 of varieties. The domestic sales network covers around 30 cities in the PRC and the products are exported to around 40 countries overseas. The major customers of this segment are chemical companies and planting companies, while the suppliers are mainly engaged in trading and manufacturing of chemical substances. The Anhui Huaxing Group is currently engaged in the research and development of a range of pesticide and chemical products, which are eco-friendly to cater for the increasing awareness of eco-friendly farming.

In the first half of 2021, Anhui Huaxing demonstrated a satisfying performance in business. The accumulative production of the Group was approximately 214,486.27 tones, representing an increase of 18.34% as compared to the same period last year. The sales of products was approximately 194,184.6 tones, and achieved production-to-sale ratio of approximately 90.53%.

Management Discussion and Analysis (Continued)

AGROCHEMICAL PRODUCTS SUPPLY CHAIN SERVICES BUSINESS (Continued)

In terms of sales performance of the major products, the sales of agrochemical products were approximately RMB936,940,000, representing an increase of 5.01% as compared to the same period last year.

During the reporting period, in the context of greater emphasis being applied on security and environmental protection by the PRC government, the environmental protection goal was achieved, the Group have successfully passed the “casual inspection” of the environmental protection inspection.

For the six months ended 30 June 2021, turnover of the Group’s agrochemical products supply chain services was approximately RMB936,940,000, representing approximately 100% of the total turnover of the Group; the gross profit was approximately RMB189,105,000, and the gross profit margin was approximately 20.18%. As at 30 June 2021, the total asset and net assets of the agrochemical products supply chain services segment amounted to approximately RMB1,481,415,000 and RMB667,179,000, respectively.

AGRICULTURAL AND PETROCHEMICAL PRODUCTS SUPPLY CHAIN SERVICE BUSINESS

For the six months ended 30 June 2021, turnover of the Group’s agricultural and petrochemical product supply chain service business was nil.

DISCONTINUED BUSINESSES – AGRICULTURAL BIG-DATA SERVICES BUSINESS

For the six months ended 30 June 2021, turnover of the Group’s agricultural big-data services business was approximately RMB3,279,000; and the gross profit was approximately RMB2,839,000. As the Company failed to fulfil its payment obligations under the Zhiying Legal Proceedings, pursuant to the execution ruling dated 15 May 2020 issued by the Shanghai Second Intermediate People’s Court* (上海市第二中級人民法院) (the “**Shanghai Second Court**”), the plaintiffs may be compensated through, among other things, the auction of the 80% equity interest (the “**Shanghai Runtong Shares**”) in Shanghai Runtong Industrial and Investment Co., Limited* (上海潤通實業投資有限公司) (“**Shanghai Runtong**”) pledged by 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. An auction announcement dated 27 November 2020 was published by the Shanghai Second Court on the public auction network of Gongpai Auction to put the Shanghai Runtong Shares on auction from 8 January 2021 to 11 January 2021, with a reserve price of RMB28,840,000. The said auction was subsequently re-scheduled to between 27 February 2021 and 2 March 2021 at the same reserve price, and further re-scheduled to between 27 April 2021 and 30 April 2021, with a revised reserve price of RMB23,080,000. On 5 July 2021, the Company was informed that the further auction attempt originally scheduled during the above period did not proceed, and received an execution ruling issued by the Shanghai Second Court in relation to the disposal of the Shanghai Runtong Shares to Zhenjiang City Zhiying Investment Management Centre (Limited Partnership)* (鎮江市智贏投資管理中心(有限合夥)) (the “**Pledgee**”) in partial settlement of the debts at the prior agreed reserve price of the auction of RMB28,840,000 during the execution process of the Shanghai Second Court.

Management Discussion and Analysis (Continued)

OTHER INCOME AND GAINS

For the six months ended 30 June 2021, the Group's other income and gains, including government grants and interest income, were approximately RMB34,821,000 (six months ended 30 June 2020: approximately RMB12,122,000), representing an increase of approximately 187.3% as compared to the corresponding period last year. It was mainly attributable to the increase in utilities income of Anhui Huaxing.

DISTRIBUTION COSTS

For the six months ended 30 June 2021, the Group's distribution costs were approximately RMB35,000,000 (six months ended 30 June 2020: approximately RMB30,655,000), representing an increase of approximately 14.2% as compared to the corresponding period last year.

ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2021, administrative expenses of the Group were approximately RMB126,599,000 (six months ended 30 June 2020: approximately RMB93,284,000). The increase in administrative expenses of the Group during the period was mainly attributable to the increase in environmental protection expenses and research and development expenses of the agrochemical products supply chain services segment during the period.

SHARE OF LOSS OF ASSOCIATES

For the six months ended 30 June 2021, the share of loss of associates amounted to approximately RMB2,673,000.

FINANCE COSTS

For the six months ended 30 June 2021, finance costs of the Group were approximately RMB81,138,000, representing a decrease of approximately 21.66% as compared to RMB103,567,000 of the corresponding period last year.

Management Discussion and Analysis (Continued)

(LOSS) PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the six months ended 30 June 2021, loss attributable to owners of the Company was approximately RMB70,356,000 (six months ended 30 June 2020: approximately RMB57,922,000), and it was recorded a profit of RMB57,922,000 for the six months ended 30 June 2020. The basic and diluted earnings per share attributable to owners of the Company during the period were approximately a loss of RMB0.007 (six months ended 30 June 2020: approximately profit of RMB0.006), and it was recorded a profit of RMB0.006 per share for the six months ended 30 June 2020. There was no reversal of impairment nor loss for the six months ended 30 June 2021. For the year ended 31 December 2020, the Group recorded an impairment loss in the amount of RMB773,598,000 attributable to impairment of certain debts overdue for over three years from the Group's financial leasing and commercial factoring services business and the agricultural and petrochemical products supply chain services business, including those resulted from the CEFC Events and the Shenzhen Dasheng Events as defined in the Company's previous announcements of 31 July 2018, 29 March 2019 and 7 May 2020.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Capital Structure

As at 30 June 2021, the Group had total assets less current liabilities of approximately RMB(1,137,968,000) (31 December 2020: approximately RMB(1,053,385,000)), including non-current assets of approximately RMB1,000,370,000 (31 December 2020: RMB1,040,475,000) and net current liabilities of approximately RMB2,138,338,000 (31 December 2020: net current liabilities of approximately RMB2,093,860,000).

As at 30 June 2021, equity attributable to owners of the Company was approximately RMB(1,145,011,000), representing a decrease of approximately 6.4% as compared to that of 31 December 2020.

Liquidity and Financial Resources

As at 30 June 2021 and 31 December 2020, the Group had restricted bank deposits and cash and cash equivalents of approximately RMB18,764,000 and RMB65,903,000, respectively.

As at 30 June 2021 and 31 December 2020, the Group had short-term borrowings of approximately RMB1,243,491,000 and RMB1,281,700,000, respectively.

As at 30 June 2021 and 31 December 2020, debt-to-asset ratios of the Group were approximately 170% and 155%, respectively. Debt-to-asset ratio was calculated as the percentage of total liabilities divided by total assets.

Management Discussion and Analysis (Continued)

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES (Continued)

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 2021, the Group's right-of-use assets with a net book value of approximately RMB53,614,000 (31 December 2020: approximately RMB54,397,000) were pledged as security for the Group's bank borrowings. As at 30 June 2021, property, plant and equipment with a net book value of approximately RMB367,320,000 (31 December 2020: approximately RMB389,510,000) were pledged as security for the Group's borrowings. As at 30 June 2021, the Group had restricted bank deposits of approximately RMB183,000 (31 December 2020: approximately RMB641,000) as collateral for the bank borrowings and the issuance of commercial notes, performance bonds and bid bonds to customers.

EMPLOYEE INFORMATION

As at 30 June 2021, the Group had 1,382 employees (31 December 2020: 1,444 employees). During the period under review, total employees' remuneration (including Directors' remuneration) amounted to approximately RMB82,908,000 (six months ended 30 June 2020: approximately RMB76,957,000). 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.

Management Discussion and Analysis (Continued)

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

An auction announcement dated 27 November 2020 was published by the Shanghai Second Court on the public auction network of Gongpai Auction to put the Shanghai Runtong Shares on auction from 8 January 2021 to 11 January 2021, with a reserve price of RMB28,840,000 million. The said auction was subsequently re-scheduled to between 27 February 2021 and 2 March 2021 at the same reserve price, and further re-scheduled to between 27 April 2021 and 30 April 2021, with a revised reserve price of RMB23,080,000. On 5 July 2021, the Company was informed that the further auction attempt originally scheduled during the above period did not proceed, and the Shanghai Runtong Shares have been disposed of for partial settlement of the debts during the execution process of the Shanghai Second Court for the Zhiying Legal Proceedings (as defined below). Upon completion of the transfer of the Shanghai Runtong Shares, Shanghai Runtong ceased to be a subsidiary of the Company.

INVESTMENT BY POTENTIAL INVESTOR

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Company’s announcement dated 4 March 2019 in relation to the Potential Investment, the Company did not have any future plans for significant investments or capital assets as at the date of this report, but the Company may, at any point, be negotiating potential investments when considering it appropriate.

Management Discussion and Analysis (Continued)

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

Litigation with Jiujiang Bank Co., Ltd. Guangdong Free Trade Zone Nansha Sub-branch (the “Jiujiang Bank”) (the “Jiujiang Legal Proceedings”)

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

As at the date of this report, the Company had not received any judgment in relation to such proceedings. Details of the above proceedings are set out in the Company’s announcement dated 18 March 2020.

Litigation with CEFC Securities Shanghai Securities Limited (上海華信證券有限責任公司) (“CEFC Securities”)

- (b) On 16 January 2020, the Company received a civil judgment dated 19 December 2019 made by the Gansu Provincial Higher People’s Court* (甘肅省高級人民法院) in relation to 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 judgment, 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, Dasheng (Fujian) Agricultural Ltd.* (大生(福建)農業有限公司) and Hong Kong Dasheng Investment Holdings Company Limited (香港大生投資控股有限公司) shall undertake joint and several guarantee liability for the repayment obligations of the Company under (i) to (v) mentioned above. In the event that the Company 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.

As at the date of this report, the Company did not make an appeal application on such civil judgment. Please refer to the Company’s announcement dated 16 January 2020 for details.

Management Discussion and Analysis (Continued)

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Continued)

Litigation with Zhenjiang City Zhiying Investment Management Centre (Limited Partnership), Mr. Wu Hongbin and Madam Yan Xiefang (the “Zhiying Legal Proceedings”)

- (c) On 19 January 2020, the Shanghai Higher People’s Court* (上海市高級人民法院) issued a civil mediation order, pursuant to which the Company shall repay Mr. Wu Hongbin, Madam Yan Xiefang and the Pledgee (collectively, the “**Plaintiffs**”) under the Zhiying Legal Proceedings on or before 14 February 2020 (i) the consideration of RMB129,166,715; (ii) the overdue interests on the consideration of RMB129,166,715 at the rate of 8% per annum accrued from 10 October 2018 up to the date of repayment; (iii) the Plaintiffs’ legal fee of RMB500,000; and (iv) the Plaintiffs’ property preservation liability insurance premium of RMB119,000. In the event that the Company fail to fulfil its repayment obligations set out under the civil mediation order, the Plaintiffs are entitled to enter into an agreement with Shanghai Kaiyi, a direct wholly-owned subsidiary of the Company and a guarantor to the outstanding sums due by the Company to the Pledgee, where the Plaintiffs may be compensated through the value conversion of the Shanghai Runtong Shares pledged by Shanghai Kaiyi in favour of the Pledgee.

On 26 May 2020, the Company received an execution ruling dated 15 May 2020 issued by the Shanghai Second Court in relation to 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.

The Company failed to repay the Plaintiffs pursuant to the execution ruling dated 15 May 2020 and noticed that an auction announcement dated 27 November 2020 has been published by the Shanghai Second Court on the Gongpai Auction to put the Shanghai Runtong Shares on auction during the period from 8 January 2021 to 11 January 2021, with a reserve price of RMB28,840,000. On 25 February 2021, the Company noticed from the network platform of Gongpai Auction that such auction originally scheduled between 8 January 2021 and 11 January 2021 in relation to the Shanghai Runtong Shares did not proceed due to a request received by the court to re-assess the valuation of the Shanghai Runtong Shares, and an updated auction announcement has been published on Gongpai Auction by the Shanghai Second Court putting the Shanghai Runtong Shares on auction during the period between 27 February 2021 and 2 March 2021, with the same reserve price of RMB28,840,000. On 2 March 2021, the Company noticed from the network platform of Gongpai Auction that said auction in relation to the Shanghai Runtong Shares was not successful. Following the aforesaid failure of the re-scheduled auction, on 14 April 2021, the Company noticed that an updated auction announcement has been published on Gongpai Auction, putting the Shanghai Runtong Shares on auction during the period between 27 April 2021 and 30 April 2021, with a revised reserve price of RMB23,080,000. On 5 July 2021, the Company was informed that the further auction attempt originally scheduled during the above period did not proceed as the Shanghai Runtong Shares have already been disposed of.

Management Discussion and Analysis (Continued)

EVENTS AFTER THE REPORTING PERIOD

Disposal of Shanghai Runtong Shares

On 5 July 2021, the Company received an execution ruling issued by the Shanghai Second Court 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. Upon completion of the transfer of the Shanghai Runtong Shares, Shanghai Runtong ceased to be a subsidiary of the Company.

Bankruptcy Restructuring Application against Anhui Huaxing

On 11 August 2021, the Company was notified that an application for bankruptcy restructuring against Anhui Huaxing was filed with the People's Court of He County, Anhui Province in the People's Republic of China (the "Anhui Court") by a creditor on 4 August 2021 on the ground that Anhui Huaxing is unable to repay the debt falling due. On 19 August 2021, the Company was informed that the Anhui Court has given a civil ruling on 13 August 2021 indicating its acceptance of such application with the outstanding amount involved of approximately RMB5,590,000. The Anhui Court has given a decision on 24 August 2021 regarding the establishment and appointment of the liquidation team as the administrator for the restructuring at Anhui Huaxing. As at the date of this report, the Company has not made the aforementioned payment, and save as to the aforementioned, the Company has not received any further information in relation to the bankruptcy restructuring arrangement of Anhui Huaxing as at the date of this report. Despite the bankruptcy restructuring arrangement of Anhui Huaxing, the Anhui Huaxing Group remains its normal operations as at the date of this report. After completion of the aforementioned bankruptcy restructuring arrangement, the Anhui Huaxing Group will remain in operation.

Management Discussion and Analysis (Continued)

ACTION PLAN OF THE GROUP TO ADDRESS THE GOING CONCERN ISSUE

As at the date of this report, the outstanding material debts from the Group's agricultural and petrochemical products supply chain services business remain stable and have not been called for repayment yet. Further, the Shanghai Runtong Shares had been disposed of at a price of RMB28,840,000 for partial settlement of the debts in July 2021. However, the Company is of the view that, there is no further room for negotiation with the debtors on the probable settlement of the outstanding material debts (including extension/renewal/refinancing/cash repayment/debt conversion to equity) from the remaining business operations of the Group. The Company shall explore other ways to handle the outstanding debts. The Company's action plans to settle its total borrowings of approximately RMB1,240,000,000 as at 30 June 2021 are as follows:

- The Group commenced agrochemical products supply chain services in 2018 through the acquisition of the Anhui Huaxing Group and it continues to remain as a major operations segment of the Group. For the six months ended 30 June 2021, the Anhui Huaxing Group recorded positive operating cash flow; and
- the Company is proactive in exploring possible debt restructuring opportunities, including disposal of loss-making subsidiaries, devising probable new repayment plans with debtors and reaching out for potential investors. As disclosed in the Company's announcement dated 4 March 2019, the Company entered into an intent cooperation framework agreement regarding the Potential Investment. As at the date of this report, the Potential Investment is still pending and the Company has no other concrete investment plans.

PROSPECTS

The Company will closely monitor the progress of the bankruptcy restructuring of Anhui Huaxing and will endeavour to ensure that the relevant matters will not affect the normal business operations of the Anhui Huaxing Group. The Company will actively seek to reach a suitable solution with its creditors in respect of the relevant debt issues.

Directors', Chief Executives' and Supervisors' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2021, the interests or short positions of the Directors, chief executives and supervisors (the “**Supervisors**”) of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“**SFO**”)) which were required, (a) to be recorded in the register required to be kept under section 352 of the SFO; or (b) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) were as follows:

LONG POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY:

Name of Directors/Supervisor	Type of shares	Capacity	Total number of shares and underlying shares	Approximate percentage of shareholding in such class of shares of the Company	Approximate percentage of shareholding in the issued shares capital of the Company
1. Lan Huasheng (Executive Director)	domestic shares	Interest in controlled corporation	1,818,013,540 (L) (notes 1 and 2)	54.29%	19.04%
	H shares	Interest in controlled corporation	247,000,000 (L) (notes 1 and 3)	3.98%	2.59%
2. Lu Tingfu (Non-executive Director)	domestic shares	Interest in controlled corporation	1,818,013,540 (L) (notes 1 and 2)	54.29%	19.04%
	H shares	Interest in controlled corporation	247,000,000 (L) (notes 1 and 3)	3.98%	2.59%

L = Long position

Notes:

- (1) Shenzhen Dasheng and Hong Kong Dasheng Investment Holdings Company Limited (“**Hong Kong Dasheng**”) hold 1,818,013,540 domestic shares and 247,000,000 H shares of the Company, respectively. Hong Kong Dasheng is wholly owned by Shenzhen Dasheng, which in turn is owned as to 70% by Shenzhen Qianhai Dasheng Equity Investment Fund Co., Ltd. (“**Qianhai Dasheng**”) and 30% by Dasheng Holdings Limited (“**Dasheng Holdings**”), and each of Qianhai Dasheng and Dasheng Holdings is owned as to 70% and 30% by Lan Huasheng and Lu Tingfu, respectively. By virtue of the SFO, Lan Huasheng and Lu Tingfu are deemed to be interested in 1,818,013,540 domestic shares and 247,000,000 H shares of the Company held by Shenzhen Dasheng and Hong Kong Dasheng respectively.
- (2) 1,818,013,540 domestic shares are charged by Shenzhen Dasheng in favour of a third party as security for a loan, and the loan amount is for Shenzhen Dasheng’s own use.
- (3) 200,000,000 H shares are pledged by Hong Kong Dasheng as security for a loan granted by a third party for its own use.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, the persons (not being a Director, Supervisor or chief executive of the Company) or companies had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept under section 336 of the SFO, or who were deemed to be interested, directly and/or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were listed as follows:

Name of Shareholders	Type of shares	Capacity	Total number of shares and Underlying shares	Approximate percentage of shareholding in such class of shares of the Company	Approximate percentage of shareholding in the issued shares capital of the Company
1. Qianhai Dasheng	domestic shares	Interest in controlled corporation	1,818,013,540 (L) (notes 1 and 2)	54.29%	19.04%
	H shares	Interest in controlled corporation	247,000,000 (L) (notes 1 and 3)	3.98%	2.59%
2. Dasheng Holdings	domestic shares	Interest in controlled corporation	1,818,013,540 (L) (notes 1 and 2)	54.29%	19.04%
	H shares	Interest in controlled corporation	247,000,000 (L) (notes 1 and 3)	3.98%	2.59%
3. Shenzhen Dasheng	domestic shares	Beneficial owner	1,818,013,540 (L) (notes 1 and 2)	54.29%	19.04%
	H shares	Interest in controlled corporation	247,000,000 (L) (notes 1 and 3)	3.98%	2.59%
4. Hong Kong Dasheng	H shares	Beneficial owner	247,000,000 (L) (note 3)	3.98%	2.59%
5. Zhenjiang Runde Equity Investment Fund Ltd.* (鎮江潤得股權投資基金有限公司)	domestic shares	Beneficial owner	1,530,986,460 (L)	45.71%	16.03%
6. Pu Shi International Investment Limited	H shares	Interest in controlled corporation	755,000,000 (L)	12.17%	7.90%

L = Long position

Substantial Shareholders' Interests and Other Persons' Interests and Short Positions in Shares and Underlying Shares (Continued)

Notes:

- (1) Hong Kong Dasheng is wholly owned by Shenzhen Dasheng, which in turn is owned as to 70% by Qianhai Dasheng and 30% by Dasheng Holdings, and each of Qianhai Dasheng and Dasheng Holdings is owned as to 70% and 30% by Lan Huasheng and Lu Tingfu, respectively. By virtue of the SFO, Qianhai Dasheng and Dasheng Holdings are deemed to be interested in 1,818,013,540 domestic shares and 247,000,000 H shares of the Company held by Shenzhen Dasheng and Hong Kong Dasheng, respectively, and Shenzhen Dasheng is deemed to be interested in the 247,000,000 H shares held by Hong Kong Dasheng.
- (2) 1,818,013,540 domestic shares held by Shenzhen Dasheng are charged by Shenzhen Dasheng in favour of a third party as security for a loan, and the loan amount is for Shenzhen Dasheng's own use.
- (3) 200,000,000 H shares are pledged by Hong Kong Dasheng as security for a loan granted by a third party for its own use.

Directors' and Supervisors' Right to Acquire Shares or Debentures

None of the Directors and Supervisors or their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right during the six months ended 30 June 2021.

Corporate Governance

CORPORATE GOVERNANCE CODE

The Board is of the view that throughout the six months ended 30 June 2021, 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. Following a specific enquiry, all the Directors and the Supervisors confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2021.

Purchase, Sales or Redemption of Listed Securities

During the six months ended 30 June 2021, 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 2021 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 2021 (six months ended 30 June 2020: 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.

Change of Directors

The change of Directors during the six months ended 30 June 2021 is as follows:

On 15 January 2021, Mr. Yan Zebin resigned from his position as executive Director of the Company and remained as the chairman of the board of directors of Anhui Huaxing.

On 18 June 2021, Mr. Li Wen Ming was elected as an executive Director of the sixth session of the Board by the shareholders of the Company at the annual general meeting held on the same date by way of an ordinary resolution.



Change of Company secretary

Mr. Qian Di resigned as the company secretary of the Company on 16 July 2021. On the same date, Mr. Lee Chung Shing was appointed as the company secretary of the Company with effect from 16 July 2021.

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, the PRC, 31 August 2021



www.dsgd-sh.co