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上海大生農業金融科技股份有限公司

Shanghai Dasheng Agriculture Finance Technology Co., Ltd.

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

(Stock code: 1103)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors (the “**Board**”) of Shanghai Dasheng Agriculture Finance Technology Co., Ltd. (上海大生農業金融科技股份有限公司) (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2021 together with the comparative figures for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

| | Notes | 2021 RMB'000 | 2020 RMB'000 |
|--|-------|---------------------------|-------------------------|
| Continuing operations | | | |
| Revenue | 3 | | |
| — Contracts with customer | | 936,940 | 1,426,861 |
| — Interest under effective interest method | | — | 6,952 |
| | | <u>936,940</u> | <u>1,433,813</u> |
| Total revenue | | 936,940 | 1,433,813 |
| Cost of sales | | <u>(747,864)</u> | <u>(1,109,884)</u> |
| Gross profit | | 189,076 | 323,929 |
| Other income | 4a | 33,501 | 28,552 |
| Other losses or gains, net | 4b | (3,587) | 29,615 |
| Distribution costs | | (35,000) | (54,561) |
| Administrative and other expenses | | (224,747) | (223,283) |
| Impairment losses, net of reversal | | (150,832) | (773,598) |
| Share of loss of associates | | (3,034) | (995) |
| Loss on deconsolidation of subsidiaries | 15 | (700,402) | — |
| (Loss) gain on disposal of subsidiaries, net | 14 | (36,566) | 11,402 |
| Finance costs | 5 | <u>(183,651)</u> | <u>(238,906)</u> |
| Loss before tax | | (1,115,242) | (897,845) |
| Income tax expense | 6 | <u>(10,238)</u> | <u>(6,135)</u> |
| Loss for the year from continuing operations | 8 | (1,125,480) | (903,980) |
| Discontinued operations | | | |
| Gain (loss) for the year from discontinued operations, net of income tax | 7 | <u>572</u> | <u>(11,472)</u> |
| Loss for the year | | <u><u>(1,124,908)</u></u> | <u><u>(915,452)</u></u> |
| Other comprehensive expense | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences arising on translation of foreign operations | | <u>(567)</u> | <u>(1,339)</u> |
| <i>Items that will not be reclassified to profit or loss:</i> | | | |
| Fair value loss on equity instruments at fair value through other comprehensive income | | <u>—</u> | <u>(308)</u> |
| Other comprehensive expense for the year, net of income tax | | <u>(567)</u> | <u>(1,647)</u> |
| Total comprehensive expense for the year | | <u><u>(1,125,475)</u></u> | <u><u>(917,099)</u></u> |

| | <i>Notes</i> | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|---|--------------|---------------------------|-------------------------|
| (Loss) Profit for the year attributable to owners of the Company | | | |
| — from continuing operations | | (1,125,599) | (770,397) |
| — from discontinued operations | | 457 | (9,178) |
| | | <u>(1,125,142)</u> | <u>(779,575)</u> |
| Profit (Loss) for the year attributable to non-controlling interests | | | |
| — from continuing operations | | 119 | (133,583) |
| — from discontinued operations | | 115 | (2,294) |
| | | <u>234</u> | <u>(135,877)</u> |
| | | <u>(1,124,908)</u> | <u>(915,452)</u> |
| Total comprehensive (expense) income for the year attributable to: | | | |
| — Owners of the Company | | (1,125,709) | (781,160) |
| — Non-controlling interests | | 234 | (135,939) |
| | | <u>(1,125,475)</u> | <u>(917,099)</u> |
| Loss per share | | | |
| <i>10</i> | | | |
| From continuing and discontinued operations | | | |
| — Basic and diluted (RMB) | | <u>(0.118)</u> | <u>(0.082)</u> |
| From continuing operations | | | |
| — Basic and diluted (RMB) | | <u>(0.117)</u> | <u>(0.081)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

| | <i>Notes</i> | 2021 RMB'000 | 2020 RMB'000 |
|------------------------------------|--------------|-------------------------------|-----------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 21 | 905,368 |
| Right-of-use assets | | — | 90,876 |
| Intangible assets | | — | 5,913 |
| Interests in associates | | 3,623 | 38,318 |
| | | <hr/> | <hr/> |
| | | 3,644 | 1,040,475 |
| | | <hr/> | <hr/> |
| CURRENT ASSETS | | | |
| Inventories | | — | 319,223 |
| Trade and other receivables | <i>11</i> | — | 392,725 |
| Restricted bank deposits | | 43 | 10,641 |
| Cash and cash equivalents | | 4,272 | 55,262 |
| | | <hr/> | <hr/> |
| | | 4,315 | 777,851 |
| Assets classified as held for sale | <i>7</i> | — | 127,366 |
| | | <hr/> | <hr/> |
| | | 4,315 | 905,217 |
| | | <hr/> | <hr/> |

| | <i>Notes</i> | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|--|--------------|--------------------------------------|------------------------|
| CURRENT LIABILITIES | | | |
| Trade and other payables | <i>12</i> | 1,304,889 | 1,265,428 |
| Contract liabilities | | 108,101 | 303,574 |
| Borrowings | | 742,638 | 1,281,700 |
| Tax liabilities | | 54,605 | 57,057 |
| | | 2,210,233 | 2,907,759 |
| Liabilities associated with assets classified as held for sale | <i>7</i> | — | 91,318 |
| | | 2,210,233 | 2,999,077 |
| NET CURRENT LIABILITIES | | (2,205,918) | (2,093,860) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | (2,202,274) | (1,053,385) |
| NON-CURRENT LIABILITIES | | | |
| Other payables - non-current portion | <i>12</i> | — | 3,961 |
| Deferred tax liabilities | | — | 3,128 |
| | | — | 7,089 |
| NET LIABILITIES | | (2,202,274) | (1,060,474) |
| CAPITAL AND RESERVES | | | |
| Share capital | <i>13</i> | 955,108 | 955,108 |
| Reserves | | (3,156,898) | (2,031,189) |
| Equity attributable to owners of the Company | | (2,201,790) | (1,076,081) |
| Non-controlling interests | | (484) | 15,607 |
| TOTAL DEFICIT | | (2,202,274) | (1,060,474) |

NOTES:

1. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Going concern basis

For the year ended 31 December 2021, the Group reported loss attributable to the owners of the Company of approximately RMB1,125,142,000 and, as of that date, the Group’s current liabilities exceed its current assets of approximately RMB2,205,918,000 and net liabilities of approximately RMB2,202,274,000. The Group’s total borrowings amounted to approximately RMB742,638,000 were classified as current liabilities, while its cash and cash equivalents amounted to approximately RMB4,272,000 as at 31 December 2021.

- (i) The Company received an execution ruling issued by the Shanghai Second Intermediate People’s Court* (上海市第二中級人民法院) dated 20 April 2021. According to the ruling, the Shanghai Runtong Shares had been disposed of to 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 Court. Shanghai Runtong ceased to be a subsidiary of the Company upon the issue of the execution ruling against the Company on 20 April 2021.
- (ii) The Company is dedicated in resolving the Group’s historical financial issues and proactive in exploring possible debt restructuring opportunities, including disposal of loss-making subsidiaries, devising new repayment plans with debtors and reaching out for potential investors. Meanwhile, the Company continues to seek for potential business and investment opportunities with an aim to broaden its source of income, so as to revive the Group’s businesses.

The directors of the Company (the “**Directors**”) are of the opinion that the Group would be able to have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for a period of not less than the next twelve months from 31 December 2021 after taking into consideration the above measures.

Accordingly, the Directors are of the opinion that it is appropriate to prepare these consolidated financial statements for the year ended 31 December 2021 on a going concern basis. The consolidated financial statements do not include any adjustments that would result from the failure of the Group to obtain sufficient future funding. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to reduce the carrying amounts of the assets of the Group to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets as current assets, respectively.

** For illustrative purpose only*

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

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

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

| | |
|--|--|
| Amendments to HKFRS 16 | COVID-19 Related Rent Concessions |
| Amendments to HKFRS 9, HKAS 39, HKFRS 7 and HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform - Phase 2 |

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

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

New and Amendments to HKFRSs in issue but not yet effective

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

| | |
|--|---|
| HKFRS 17 | Insurance Contracts and the related Amendments ³ |
| Amendments to HKFRS 3 | Reference to the Conceptual Framework ² |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴ |
| Amendments to HKFRS 16 | Covid-19-Related Rent Concessions beyond 30 June 2021 ¹ |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³ |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies ³ |
| Amendments to HKAS 8 | Definition of Accounting Estimates ³ |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³ |
| Amendments to HKAS 16 | Property, Plant and Equipment - Proceeds before Intended Use ² |
| Amendments to HKAS 37 | Onerous Contracts - Cost of Fulfilling a Contract ² |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2018-2020 ² |

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

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

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

3. SEGMENT INFORMATION

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

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

- Agricultural and petrochemical products supply chain services (including chemical fertilizers, fuel oil, mixed aromatics, white sugar, food products and frozen products)
- Financial leasing and commercial factoring services
- Agrochemical products supply chain services – production and sale of pesticides and chemical products

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

For the year ended 31 December 2021

Continuing operations

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

For the year ended 31 December 2020

Continuing operations

| | Agricultural and petrochemical products supply chain services <i>RMB'000</i> | Financial leasing and commercial factoring services <i>RMB'000</i> | Agrochemical products supply chain services <i>RMB'000</i> | Total <i>RMB'000</i> |
|--|--|---|--|-------------------------|
| Reportable segment revenue from external customers | — | 6,952 | 1,426,861 | 1,433,813 |
| Reportable segment (loss) profit | (539,518) | (382,268) | 17,806 | (903,980) |
| 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) |

4a. OTHER INCOME

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|---------------------------------------|------------------------|------------------------|
| Continuing operations | | |
| Rental income (<i>Note (a)</i>) | 542 | 1,035 |
| Supply of utilities | 27,555 | 13,006 |
| Sales of scrap and other materials | 1,132 | 1,070 |
| Interest income | 262 | 1,829 |
| Government grants (<i>Note (b)</i>) | 2,616 | 5,751 |
| Others | 1,394 | 5,861 |
| | <u>33,501</u> | <u>28,552</u> |

Notes:

(a) Leases

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|---|------------------------|------------------------|
| For operating leases: | | |
| Lease payments that are fixed or depend on an index or a rate | <u>542</u> | <u>1,035</u> |

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

4b. OTHER LOSSES OR GAINS, NET

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|--|-------------------------------|--------------------------|
| Continuing operations | | |
| Gain on settlement of other payables | — | 35,000 |
| Loss on disposals of property, plant and equipment | (1,292) | (5,364) |
| Gain on disposals of an associate | 3,509 | — |
| Written-off of trade and other receivables | (5,804) | — |
| Loss on disposal of assets classified as held for sale | — | (252) |
| Gain on disposals of right-of-use assets | — | 231 |
| | <u> </u> | <u> </u> |
| | (3,587) | 29,615 |
| | <u> </u> | <u> </u> |

5. FINANCE COSTS

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|---------------------------------------|-------------------------------|--------------------------|
| Continuing operations | | |
| Interest expense on borrowings | 183,651 | 238,877 |
| Interest expense on lease liabilities | — | 29 |
| | <u> </u> | <u> </u> |
| Total finance costs | 183,651 | 238,906 |
| | <u> </u> | <u> </u> |

6. INCOME TAX EXPENSE

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Continuing operations | | |
| Current income tax: | | |
| PRC enterprise income tax (“EIT”) | 7,039 | 5,177 |
| Under-provision in prior years, net EIT | <u>3,159</u> | <u>861</u> |
| | <u>10,198</u> | <u>6,038</u> |
| Deferred tax | <u>40</u> | <u>97</u> |
| | <u>10,238</u> | <u>6,135</u> |

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

One of the Company’s subsidiaries has obtained the qualification of High and New Technology Enterprise from the relevant PRC government authorities and subject to a preferential tax rate of 15% for 2021 and 2020. The subsidiary has been deconsolidated from the consolidated financial statement of the Group during the year ended 31 December 2021.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entities will be taxed at 8.25% and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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

7. DISCONTINUED OPERATIONS AND DISPOSAL GROUP/ASSETS HELD FOR SALE

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

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|--|-------------------------------|------------------------|
| Agricultural big-data services operation | <u>572</u> | <u>(11,472)</u> |

Assets classified as held for sale is set out below:

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|--|-------------------------------|------------------------|
| Assets classified as held for sale related to: Agricultural big-data services operation | <u>–</u> | <u>127,366</u> |

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

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|--|-------------------------------|------------------------|
| Liabilities associated with assets classified as held for sale related to: Agricultural big-data services operation | <u>–</u> | <u>91,318</u> |

Discontinued agricultural big-data services operation

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

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

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

The assets and liabilities attributable to this business, which were expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position during the years ended 31 December 2021 and 2020.

* *For illustrative purposes only*

The results from the discontinued agricultural big-data services operation for the period from 1 January 2021 to 20 April 2021 and for the year ended 31 December 2020 are set out below:

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|--|-------------------------------|------------------------|
| Revenue | 3,279 | 12,998 |
| Cost of sales | (373) | (725) |
| Other income | 71 | 1,709 |
| Distribution costs | – | (287) |
| Administrative and other expenses | (2,405) | (4,427) |
| Impairment loss recognised in respect of trade and other receivables | – | (1,424) |
| Profit of the discontinued operation | 572 | 7,844 |
| Impairment loss on a disposal group classified as held for sale | – | (17,899) |
| Profit (loss) before tax | 572 | (10,055) |
| Income tax expense | – | (1,417) |
| Profit (loss) for the year | <u>572</u> | <u>(11,472)</u> |
| Auditor's remuneration | <u>40</u> | <u>48</u> |

The major classes of assets and liabilities of the agricultural big-data services operation as at 31 December 2020, which have been presented separately in the consolidated statement of financial position, are as follows:

| | 2020 <i>RMB'000</i> |
|--|------------------------|
| Property, plant and equipment | 6,716 |
| Equity instruments designated as at fair value through other comprehensive income (“FVTOCI”) | 4,422 |
| Intangible assets | 3,950 |
| Deferred tax assets | 376 |
| Inventories | 78 |
| Trade and other receivables | 7,316 |
| Restricted bank deposits | 91,812 |
| Cash and cash equivalents | <u>12,696</u> |
| Assets classified as held for sale | <u>127,366</u> |
| Trade and other payables | 89,717 |
| Deferred tax liabilities | 1 |
| Tax liabilities | <u>1,600</u> |
| Liabilities related to assets classified as held for sale | <u>91,318</u> |

8. LOSS FOR THE YEAR

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

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Continuing operations | | |
| Auditor's remuneration | 1,842 | 2,011 |
| Cost of inventories recognised as expenses | 745,694 | 1,100,427 |
| Amortisation of intangible assets | 736 | 1,366 |
| Depreciation of property, plant and equipment | 46,781 | 83,849 |
| Depreciation of right-of-use assets | 1,260 | 3,449 |
| Gain on disposals of right-of-use assets | — | (231) |
| Loss on disposals of property, plant and equipment | 1,292 | 5,364 |
| Loss on written-off property, plant and equipment | — | 13 |
| Research and development costs recognised as expense | 32,177 | 43,775 |
| Operating lease rental expenses in respect of: | | |
| — Land and buildings | 606 | 738 |
| | <u>606</u> | <u>738</u> |

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

10. LOSS PER SHARE

For continuing and discontinued operations

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

Loss figures are calculated as follows:

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share | <u>(1,125,142)</u> | <u>(779,575)</u> |
| Number of shares | | |
| | 2021 | 2020 |
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share | <u>9,551,079,812</u> | <u>9,551,079,812</u> |

For continuing operations

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

Loss figures are calculated as follows:

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|---|---------------------------|-------------------------|
| Loss for the year attributable to owners of the Company | (1,125,142) | (779,575) |
| Less: Loss for the year from discontinued operations | <u>457</u> | <u>(9,178)</u> |
| Loss for the purpose of basic and diluted loss per share from continuing operations | <u><u>(1,121,599)</u></u> | <u><u>(770,397)</u></u> |

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

For discontinued operations

Basic and diluted profit per share for the discontinued operations is profit of RMB0.00005 per share (2020: loss of RMB0.001 per share), based on the profit (loss) for the year from the discontinued operations of RMB457,000 (2020: loss for the year of RMB9,178,000) and the denominators detailed above for both basic and diluted earnings per share.

No diluted earnings per share for both 2021 and 2020 were presented as there were no potential ordinary shares in issue for both 2021 and 2020.

11. TRADE AND OTHER RECEIVABLES

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Trade receivables | 626,969 | 827,252 |
| Bank notes receivables | <u>—</u> | <u>24,853</u> |
| Total trade and notes receivables | 626,969 | 852,105 |
| Prepayments and deposits | — | 42,697 |
| Other receivables | <u>1,690,326</u> | <u>2,225,977</u> |
| | 2,317,295 | 3,120,779 |
| Less: Impairment loss recognised on trade and other receivables | <u>(2,317,295)</u> | <u>(2,728,054)</u> |
| | <u><u>—</u></u> | <u><u>392,725</u></u> |

Trade and notes receivables

The aging 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 detailed aging analysis that are before impairment loss are as follows:

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Agricultural and petrochemical products supply chain services: | | |
| 1 year to less than 2 years | — | 610 |
| 2 years to less than 3 years | 610 | 109,462 |
| Over 3 years | 626,359 | 608,118 |
| | <u>626,969</u> | <u>718,190</u> |
| Agrochemical products supply chain services: | | |
| Less than 6 months | — | 57,328 |
| 6 months to less than 1 year | — | 75,410 |
| 1 year to less than 2 years | — | 941 |
| Over 3 years | — | 236 |
| | <u>—</u> | <u>133,915</u> |
| | <u>626,969</u> | <u>852,105</u> |

12. TRADE AND OTHER PAYABLES

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|---|-------------------------|-------------------------|
| Trade payables | 27,781 | 160,049 |
| Notes payable | — | 10,000 |
| | <u>27,781</u> | <u>170,049</u> |
| Amounts due to related companies | 140,061 | 100,481 |
| Amount due to deconsolidated subsidiaries | 33,200 | — |
| Other payables and accruals | 862,747 | 799,279 |
| Financial guarantee contracts | 241,100 | 199,580 |
| | <u>1,304,889</u> | <u>1,269,389</u> |
| Less: non-current portion | — | (3,961) |
| Current portion | <u>1,304,889</u> | <u>1,265,428</u> |

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

| | 2021 <i>RMB'000</i> | 2020 <i>RMB'000</i> |
|---|-------------------------------|------------------------|
| Agricultural and petrochemical products supply chain services: | | |
| 2 years to less than 3 years | — | 27,781 |
| Over 3 years | <u>27,781</u> | <u>207</u> |
| | <u>27,781</u> | <u>27,988</u> |
| Agrochemical products supply chain services: | | |
| Less than 6 months | — | 129,305 |
| 6 months to less than 1 year | — | 7,985 |
| 1 year to less than 2 years | — | 2,155 |
| 2 years to less than 3 years | — | 723 |
| Over 3 years | <u>—</u> | <u>1,893</u> |
| | <u>—</u> | <u>142,061</u> |
| | <u>27,781</u> | <u>170,049</u> |

13. SHARE CAPITAL

| | Number of shares | Amount <i>RMB'000</i> |
|--|-------------------------|---------------------------------|
| Ordinary shares of RMB0.1 each | | |
| Authorised, issued and fully paid: | | |
| At 31 December 2020 and 31 December 2021 | <u>9,551,079,812</u> | <u>955,108</u> |

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

For the year ended 31 December 2021

*Disposal of Shanghai Runtong**

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

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

| Analysis of assets and liabilities over which control was lost: | 20 April 2021 RMB'000 |
|--|--|
| Property, plant and equipment | 6,928 |
| Intangible assets | 3,950 |
| Equity instruments at FVTOCI | 4,422 |
| Deferred tax assets | 376 |
| Inventories | 68 |
| Restricted bank deposits | 79,807 |
| Cash and cash equivalents | 664 |
| Trade and other receivables | 63,239 |
| Deferred tax liabilities | (1) |
| Trade and other payables | (76,096) |
| Tax liabilities | (1,600) |
| | <hr/> |
| Net assets disposed of | 81,757 |
| | <hr/> |
| Loss on disposal: | |
| Consideration | 28,840 |
| Non-controlling interest | 16,351 |
| Net assets disposed of | (81,757) |
| | <hr/> |
| Loss on disposal | (36,566) |
| | <hr/> |
| Net cash outflow arising on disposal: | |
| Cash received | – |
| Less: cash and cash equivalents disposed of | (664) |
| | <hr/> |
| | (664) |
| | <hr/> <hr/> |

15. DECONSOLIDATION OF SUBSIDIARIES

For the year ended 31 December 2021

Deconsolidation of the Anhui Huaxing Group

On 4 August 2021, an application for bankruptcy restructuring (“**Bankruptcy Restructuring Application**”) against Anhui Huaxing Chemical Industry Company Limited* (安徽華星化工有限公司) (“**Anhui Huaxing**”) was filed with the People’s Court of He County, Anhui Province in the PRC (the “**Court**”) by a creditor on the ground that Anhui Huaxing is unable to repay the debt falling due. Anhui Huaxing is a wholly-owned subsidiary of the Company which engages in agrochemical products supply chain services in the PRC. On 13 August 2021, the Court accepted the Bankruptcy Restructuring Application against Anhui Huaxing.

The Court has given a decision on 24 August 2021 regarding the establishment and appointment of the liquidation team as the administrator (the “**Administrator**”) for the restructuring (the “**Bankruptcy Restructuring**”) of Anhui Huaxing. The Group considered that the control over Anhui Huaxing has been lost on 13 August 2021 and accordingly, the financial results of Anhui Huaxing and its subsidiaries were deconsolidated from the consolidated financial statement of the Group since 13 August 2021.

** For illustrative purposes only.*

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

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

16. EVENTS AFTER THE REPORTING PERIOD

- (a) As referred to in the announcement of the Company dated 26 January 2022, the Company has been informed that a creditors' meeting of Anhui Huaxing would be held on 10 February 2022 to consider a restructuring proposal as required under the Enterprise Bankruptcy Law.

As referred to in the announcement dated 22 February 2022, the Restructuring Proposal has been finalised and proposed at the relevant creditors' meetings. The Restructuring Proposal mainly comprises the introduction of Qilu Pharmaceutical (Inner Mongolia) Co., Ltd.* (齊魯製藥(內蒙古)有限公司), the intended investor for the Bankruptcy Restructuring (the “**Restructuring Investor**”), to invest not more than RMB651 million in Anhui Huaxing for Anhui Huaxing to settle its debts. Pursuant to Article 94 of the Enterprise Bankruptcy Law, Anhui Huaxing will no longer bear the responsibility for the repayment of debts relieved by the Bankruptcy Restructuring upon the completion of Bankruptcy Restructuring. The Administrator had confirmed the claim declarations from 169 creditors of Anhui Huaxing in the total amount of approximately RMB1,000,000,000. The Bankruptcy Restructuring shall complete within six months from the date of such civil ruling.

As mentioned in the announcement dated 22 February 2022, the Directors confirms that the financial results of Anhui Huaxing Group from 1 January 2021 to 13 August 2021 (being the date of the civil ruling given by the Court regarding the acceptance of the Bankruptcy Restructuring application) will still be consolidated into those of the Group for the financial year ended 31 December 2021.

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 on 3 March 2022.

- (b) As mentioned in the announcement dated 22 February 2022, on that day, the Company also received a statement of claim filed by the Administrator on 24 January 2022 against the Company under the 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**”) and all other costs and expenses in relation to the Legal Proceedings. A property preservation has been applied over the equity interests in Anhui Huaxing held by the Company in relation to the Legal Proceedings on 28 January 2022.

As referred to in the announcement dated 22 March 2022, on that day, the Company received a civil ruling dated 17 March 2022 issued by the Court in relation to the Legal Proceedings for the repayment of the financial assistance given to the Company by Anhui Huaxing. 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) the accrued interests from the ruling date of 23 February 2022 up to the date of repayment; and (iii) the court fee of RMB291,866.

- (c) On 11 March 2022, the Company entered into the intent cooperation framework agreement with (the “**Framework Agreement**”) the Potential Investor pursuant to which the Potential Investor intends to make the Potential Investment. The Potential Investor is a wholly-owned subsidiary of Guian New District Development and Investment Company Limited* (貴安新區開發投資有限公司), established in the People’s Republic of China, which is principally engaged in investment management, assets management and equity interests investment. The Potential Investment may result in the Potential Investor becoming a substantial shareholder of the Company.

Potential Investor and the relevant intermediaries as commissioned by it shall conduct the Due Diligence which will be used as a reference for the probability and feasibility for subsequent cooperation. The Due Diligence shall be completed within the necessary period, which, in the absence of special reasons, shall be no later than three months from the effective date of the Framework Agreement. As such, the Company expects that further details for the cooperation or investment, if any, will be out in June 2022, following the completion of the Due Diligence.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

Disclaimer of opinion

The following is an extract of the independent auditor's report of the Group's consolidated financial statements for the year ended 31 December 2021 which has included a disclaimer of opinion.

Basis for disclaimer of opinion

(a) *Multiple uncertainties relating to going concern*

As described in Note 2 to the consolidated financial statements, the Group reported loss attributable to the owners of the Company of approximately RMB1,125,142,000 for the year ended 31 December 2021 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB2,205,918,000 and the Group has net liabilities of approximately RMB2,202,274,000. The Group's total borrowings amounted to approximately RMB742,638,000 were classified as current liabilities, while its cash and cash equivalents amounted to approximately RMB4,272,000 as at 31 December 2021. In additions, the creditors including banks had taken legal actions against the Group to recover the debts and applied for the winding up petition against the Company as disclosed in Note 38 to the consolidated financial statements. These conditions indicate the existence of material uncertainties which may cast significant on about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

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

(b) Limitation of scope on deconsolidation of the Anhui Huaxing and its subsidiaries, collectively the (“Anhui Huaxing Group”)

As described in Note 37 to the consolidated financial statements, on 4 August 2021, an application for bankruptcy restructuring (“**Bankruptcy Restructuring Application**”) against Anhui Huaxing Chemical Industry Company Limited* (安徽華星化工有限公司) (“**Anhui Huaxing**”), was filed with the People’s Court of He County, Anhui Province (the “**Court**”) in the People’s Republic of China (the “**PRC**”) by a creditor on the ground that Anhui Huaxing is unable to repay the debt falling due. Anhui Huaxing is a wholly-owned subsidiary of the Company which engages in agrochemical products supply chain services in the PRC. On 13 August 2021, the Court has accepted the Bankruptcy Restructuring Application against Anhui Huaxing and on 24 August 2021, the Court has given a decision regarding the establishment and appointment of the liquidation team as the administrator for the restructuring of Anhui Huaxing (the “**Bankruptcy Restructuring**”).

Following the Court accepted the Bankruptcy Restructuring Application on 13 August 2021, the Group no longer had the power to govern the financial and operating policies of the Anhui Huaxing Group, and the control over the Anhui Huaxing and its subsidiaries was lost on that date. Accordingly, Anhui Huaxing Group were deconsolidated from the Group since 13 August 2021 (the “**Deconsolidation Date**”).

Under the circumstances as explained above, we were unable to carry out procedures which we considered necessary on the books and records of the Anhui Huaxing Group to satisfy ourselves as to the existence, ownership, completeness, accuracy, valuation and classifications of its total assets and liabilities as at the Deconsolidation Date and of its profit for the period from 1 January 2021 to the Deconsolidation Date as listed as below. Consequently, we were unable to satisfy ourselves as to whether the loss on deconsolidation of subsidiaries of approximately RMB700,402,000 arising thereon was fairly stated. There were no other satisfactory audit procedures that we could adopt to obtain sufficient appropriate evidence in this regard.

** For identification purpose only*

The results of Anhui Huaxing Group:

**For the period ended
from 1 January 2021 to
13 August 2021
RMB'000**

| | |
|---|---------------|
| Revenue | 936,940 |
| Cost of sales | (747,835) |
| | <hr/> |
| Gross profit | 189,105 |
| Other income | 32,309 |
| Other losses or gains, net | 2,217 |
| Distribution cost | (35,000) |
| Administrative and other expenses | (122,888) |
| Share of loss of associates | (400) |
| | <hr/> |
| Profit from operation | 65,343 |
| Finance costs | (15,456) |
| | <hr/> |
| Profit before tax | 49,887 |
| Income tax | (11,199) |
| | <hr/> |
| Profit and total comprehensive income for the period | 38,688 |

The financial position of Anhui Huaxing Group:

As at
13 August 2021
RMB'000

ASSETS AND LIABILITIES:

NON-CURRENT ASSETS

| | |
|-------------------------------|---------|
| Property, plant and equipment | 879,963 |
| Right-of-use assets | 89,616 |
| Intangible assets | 5,728 |
| Interests in associates | 21,003 |
| | <hr/> |
| | 996,310 |

CURRENT ASSETS

| | |
|-----------------------------|---------|
| Inventories | 192,482 |
| Trade and other receivables | 278,578 |
| Amount due from the Group | 33,200 |
| Bank balances and cash | 14,044 |
| | <hr/> |
| | 518,304 |

CURRENT LIABILITIES

| | |
|--------------------------|---------|
| Trade and other payables | 282,309 |
| Contract liabilities | 18,203 |
| Borrowings | 499,297 |
| Tax liabilities | 7,549 |
| | <hr/> |
| | 807,358 |

NET CURRENT LIABILITIES

(289,054)

TOTAL ASSETS LESS CURRENT LIABILITIES

707,256

NON-CURRENT LIABILITIES

| | |
|--------------------------------------|-------|
| Other payables - non-current portion | 3,712 |
| Deferred tax liabilities | 3,168 |
| | <hr/> |
| | 6,880 |

NET ASSETS

700,376

Any adjustments found to be necessary to the above amounts would affect the amounts recorded in the consolidated statement of profit or loss and other comprehensive income in respect of the Anhui Huaxing Group for the period from 1 January 2021 to the Deconsolidation Date, with a corresponding effect on the loss on the deconsolidation of subsidiaries, and the related disclosures thereof in the consolidated financial statements.

(c) *Limitation of scope on amount due to Anhui Huaxing*

At 31 December 2021, included in other payable is a balance of approximately RMB33,200,000 being amount due to the deconsolidated subsidiary, Anhui Huaxing, a company incorporated in the PRC. We were unable to obtain direct confirmation from Anhui Huaxing and other supporting evidence to satisfy ourselves as to whether the balance is free from material misstatement. There were no other alternative audit procedures that we could carry out to obtain sufficient and appropriate audit evidence to verify the accuracy and completeness of this balance as at 31 December 2021. Accordingly, we were unable to satisfy ourselves as to whether the amount due to Anhui Huaxing were fairly stated.

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS REVIEW

In 2021, the external economic and market environment were affected by turbulences. Capitalising on its operating strategies since last year, the Group had continued to develop and strengthen its existing businesses including the agrochemical products supply chain services segment, and accelerate the adjustment and reorganisation of the existing businesses. The Group has also pursued possible cooperation opportunities with potential external investors.

The Group has continued its effort in managing its liquidity position and legal proceedings arising from the Group's financial conditions. In July 2021, the Company received an execution ruling issued by the Shanghai Second Court dated 20 April 2021 in relation to the disposal of the Shanghai Runtong Shares in partial settlement of the debts at the price of RMB28,840,000 for the Zhiying Legal Proceedings. Thus Shanghai Runtong ceased to be a subsidiary of the Company.

During the year under review, turnover of the Group was approximately RMB936.9 million, representing a drop of approximately 34.7% as compared to last year, which was primarily due to the fact that the revenue for the reporting period mainly came from our agrochemical products supply chain services segment conducted under our subsidiary Anhui Huaxing, which was deconsolidated from the Group since 13 August 2021. During the year under review, the Group recorded gross profit of approximately RMB189.1 million, representing a decrease of approximately 41.6% as compared to last year, which was primarily due to the fact that the current gross profit mainly comes from our agrochemical products supply chain services segment conducted under Anhui Huaxing deconsolidated from the Group since 13 August 2021; the gross profit margin is about 20%, representing a decrease of approximately 2%. Loss attributable to owners of the Company for the year was approximately RMB1,125.1 million, representing an increase in loss of approximately 44.3% as compared to last year, which was primarily due to the combined effect of the accrual of interest expense on borrowings amidst stagnation of our trading of agricultural and petrochemical products, and the disposal of Shanghai Runtong and the deconsolidation of Anhui Huaxing.

BUSINESS OPERATIONS

The continuing businesses of the Group comprise three business segments, namely "agricultural and petrochemical products supply chain services", "financial leasing and commercial factoring services" and "agrochemical products supply chain services".

AGRICULTURAL AND PETROCHEMICAL PRODUCTS SUPPLY CHAIN SERVICES

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

During the year under review, turnover of the Group's agricultural and petrochemical products supply chain services was nil; and the gross loss was approximately RMB29,000. The gross loss of the Group's agricultural and petrochemical products supply chain services was primarily due to stagnation of the business during the year.

FINANCIAL LEASING AND COMMERCIAL FACTORING SERVICES

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

AGROCHEMICAL PRODUCTS SUPPLY CHAIN SERVICES

During the year under review, turnover of the Group's agrochemical products supply chain services was approximately RMB936.9 million; the gross profit was approximately RMB189.1 million. The drop in the Group's turnover during the year under review was primarily attributable to the deconsolidation of the agrochemical products supply chain services from the Group since 13 August 2021.

DISCONTINUED BUSINESSES

Agricultural Big-Data Services

For the year ended 31 December 2021, turnover of the Group's agricultural big-data services was approximately RMB3,279,000; and the net profit was approximately RMB572,000.

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 Court, the plaintiffs may be compensated through, among other things, the auction of the Shanghai Runtong Shares pledged by Shanghai Kaiyi. 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 RMB28.84 million. The said auction was subsequently re-scheduled to between 27 February 2021 and 2 March 2021 at the same reserve price. On 2 March 2021, the Company noticed from the network platform of Gongpai Auction that said auction was not successful.

By 5 July 2021, the Company received an execution ruling issued by the Shanghai Second Court dated 20 April 2021 in relation to the disposal of the Shanghai Runtong Shares to its 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 for the Zhiying Legal Proceedings. Thus, Shanghai Runtong ceased to be a subsidiary of the Company.

DECONSOLIDATION OF ANHUI HUAXING GROUP

Anhui Huaxing is a wholly-owned subsidiary of the Company which engages in agrochemical products supply chain services in the PRC. On 13 August 2021, the court accepted the Bankruptcy Restructuring Application against Anhui Huaxing with the outstanding amount involved of approximately RMB5,590,000 and the Company has not made the aforementioned payment. The court has given a decision on 24 August 2021 regarding the establishment and appointment of the Administrator for the Bankruptcy Restructuring of Anhui Huaxing. The Company considered that the control over Anhui Huaxing has been lost on 13 August 2021 and accordingly, the financial results of Anhui Huaxing and its subsidiaries were deconsolidated from the consolidated financial statement of the Group since 13 August 2021.

OTHER INCOME

During the year under review, the Group's other income was approximately RMB33,501,000 (2020: approximately RMB28,552,000), representing an increase of approximately 17.3% as compared to last year. The increase in other income was primarily attributable to the increase in income from the supply of utilities .

DISTRIBUTION COSTS

During the year under review, the Group's distribution costs were approximately RMB35,000,000 (2020: approximately RMB54,561,000), representing a decrease of approximately 35.9% as compared to last year. The decrease in other income was primarily attributable to the deconsolidation of Anhui Huaxing from the Group since 13 August 2021.

ADMINISTRATIVE AND OTHER EXPENSES

For the year ended 31 December 2021, administrative and other expenses of the Group were approximately RMB224,747,000 (2020: approximately RMB223,283,000), representing an increase of approximately 0.7% as compared to last year. The increase in administrative and other expenses was primarily attributable to the increase in other expenses, research and development costs and environmental protection expenses incurred by our agrochemical products supply chain services segment during the reporting period.

IMPAIRMENT LOSSES, NET OF REVERSAL

For the year ended 31 December 2021, impairment loss on trade and other receivables amounted to approximately RMB150,832,000 (2020: approximately RMB773,598,000). Such impairment loss for the year under review was primarily attributable to our outstanding trade receivables remained unrecoverable.

FINANCE COSTS

For the year ended 31 December 2021, finance costs of the Group were approximately RMB183,651,000 (2020: approximately RMB238,906,000), representing a decrease of approximately 23.1% as compared to last year. The decrease in finance costs is primarily due to the reduction in total outstanding amount of existing loans, attributable to the settlement from disposal of the Nantong Shares.

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the year ended 31 December 2021, loss attributable to owners of the Group was approximately RMB1,125,142,000 (2020: approximately RMB779,575,000), representing an increase of approximately 44.3% as compared to last year. The basic and diluted loss per share attributable to owners of the Company during the year from continuing and discontinued operations were approximately RMB0.118 (2020: approximately RMB0.082), representing an increase in loss of 43.9% as compared to last year.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Capital Structure

As at 31 December 2021, the Group had total assets less current liabilities of approximately RMB(2,202,274,000) (31 December 2020: approximately RMB(1,053,385,000)), including non-current assets of approximately RMB3,644,000 (31 December 2020: RMB1,040,475,000) and net current liabilities of approximately RMB2,205,918,000 (31 December 2020: approximately RMB2,093,860,000).

As at 31 December 2021, the Group's equity attributable to owners of the Company was approximately RMB(2,201,790,000), representing an increase in loss of approximately 104.6% as compared to that of approximately RMB(1,076,081,000) as at 31 December 2020, which was due to the combined effect of the accrual of a substantial interests for our agricultural and petrochemical products supply chain segment and the disposal of Shanghai Runtong Shares and the deconsolidation of Anhui Huaxing from the Group.

Liquidity and Financial Resources for Continuing Operations

As at 31 December 2021 and 31 December 2020, the Group had restricted bank deposits and cash and cash equivalents of approximately RMB4,315,000 and RMB65,903,000, respectively.

As at 31 December 2021 and 31 December 2020, the Group had short-term borrowings of approximately RMB742,638,000 and RMB1,281,700,000, respectively.

As at 31 December 2021 and 31 December 2020, the Group had no long-term borrowings.

As at 31 December 2021 and 31 December 2020, debt-to-asset ratios of the Group were approximately 27,770% and 155%, respectively. Debt-to-asset ratio was calculated as the percentage of total liabilities divided by total assets.

Foreign Exchange Risk

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

Pledge of Assets for Continuing Operations

As at 31 December 2021, the Group's right-of-use assets with a net book value at nil (31 December 2020: approximately RMB54,397,000) were pledged as security for the Group's bank borrowings. As at 31 December 2021, property, plant and equipment with a net book value at nil (31 December 2020: approximately RMB389,510,000) were pledged as security for the Group's borrowings. As at 31 December 2021, the Group had no restricted bank deposits (31 December 2020: approximately RMB10,641,000) as collateral for bank borrowings and the issuance of commercial notes, performance bonds and bid bonds to customers.

EMPLOYEE INFORMATION

As at 31 December 2021, the Group had 24 employees (31 December 2020: 1,444 employees). During the year under review, total employees' remuneration (including Directors' remuneration) amounted to approximately RMB102,033,000 (2020: approximately RMB154,159,000). 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

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 Court, the plaintiffs may be compensated through, among other things, the auction of the Shanghai Runtong Shares pledged by Shanghai Kaiyi. 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 RMB28.84 million. The said auction was subsequently re-scheduled to between 27 February 2021 and 2 March 2021 at the same reserve price. On 2 March 2021, the Company noticed from the network platform of Gongpai Auction that said auction was not successful.

By 5 July 2021, the Company received an execution ruling issued by the Shanghai Second Court dated 20 April 2021 in relation to the disposal of the Shanghai Runtong Shares to its 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 for the Zhiying Legal Proceedings. Thus, Shanghai Runtong ceased to be a subsidiary of the Company.

INVESTMENT BY POTENTIAL INVESTOR

On 11 March 2022, the Company entered into the Framework Agreement with Guizhou Guian Commercial and Trading Investment Limited* (貴州貴安商貿投資有限公司) (the “**Potential Investor**”) pursuant to which the Potential Investor intends to invest in the Company. The Potential Investor is a wholly-owned subsidiary of Guian New District Development and Investment Company Limited* (貴安新區開發投資有限公司), established in the PRC, which is principally engaged in investment management, assets management and equity interests investment. Such potential investment may result in the Potential Investor becoming a substantial shareholder of the Company.

Potential Investor and the relevant intermediaries as commissioned by it shall conduct the due diligence which will be used as a reference for the probability and feasibility for subsequent cooperation. The due diligence shall be completed within the necessary period, which, in the absence of special reasons, shall be no later than three months from the effective date of the Framework Agreement. As such, the Company expects that further details for the cooperation or investment, if any, will be out in June 2022, following the completion of the due diligence.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

- (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 announcement, the Company had not received any judgment in relation to such proceedings. Details of the above proceedings are set out in the Company’s announcement dated 18 March 2020.

- (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 Shanghai Securities Limited (上海華信證券有限責任公司) (“**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 announcement, 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.

- (c) The Company failed to repay the plaintiffs pursuant to the 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 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.

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

- (d) On 11 August 2021, the Company was notified that an application for bankruptcy restructuring against Anhui Huaxing, a then wholly owned subsidiary of the Company, was filed with the People’s Court of He County, Anhui Province (the “**Anhui Court**”) in the PRC by a creditor on 4 August 2021 on the ground that Anhui Huaxing was unable to repay the debt falling due. On 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 (the “**Administrator**”) for the restructuring of Anhui Huaxing.

On 26 January 2022, the Company has been informed that a creditors’ meeting of Anhui Huaxing would be held on 10 February 2022 to consider a restructuring proposal (the “**Restructuring Proposal**”) as required under the Enterprise Bankruptcy Law. The Restructuring Proposal has been finalised and proposed at the relevant creditors’ meetings. The Restructuring Proposal mainly comprises the introduction of Qilu Pharmaceutical (Inner Mongolia) Co., Ltd.* (齊魯製藥(內蒙古)有限公司), the intended investor for the Bankruptcy Restructuring (the “**Restructuring Investor**”), to invest not more than RMB651 million in Anhui Huaxing for Anhui Huaxing to settle its debts. Pursuant to Article 94 of the Enterprise Bankruptcy Law, Anhui Huaxing will no longer bear the responsibility for the repayment of debts relieved by the Bankruptcy Restructuring upon the completion of Bankruptcy Restructuring. The Administrator had confirmed the claim declarations from 169 creditors of Anhui Huaxing in the total amount of approximately RMB1,000,000,000. The Company was informed that the Restructuring Proposal was finally passed by the relevant creditors and approved by the Court pursuant to a civil ruling dated 16 February 2022. The Bankruptcy Restructuring shall complete within six months from the date of such civil ruling.

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 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.

- (e) On 22 February 2022, the Company received a statement of claim filed by the Administrator on 24 January 2022 against the Company under the 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**”) and all other costs and expenses in relation to the Legal Proceedings. A property preservation has been applied over the equity interests in Anhui Huaxing held by the Company in relation to the Legal Proceedings on 28 January 2022.

On 22 March 2022, the Company received a civil ruling dated 17 March 2022 issued by the Court in relation to the Legal Proceedings for the repayment of the financial assistance given to the Company by Anhui Huaxing. 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) the accrued interests from the ruling date of 23 February 2022 up to the date of repayment; and (iii) the court fee of RMB291,866.

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

As set out above, the auditor of the Company (the “**Auditor**”), Asian Alliance (HK) CPA Limited, has issued a disclaimer of opinion on three aspects, namely (a) multiple uncertainties relating to going concern; (b) limitation of scope on deconsolidation of the Anhui Huaxing Group; and (c) amount due to Anhui Huaxing. The Company has discussed such disclaimer of opinion and its action plans with the Auditor.

(a) Multiple uncertainties relating to going concern

By 5 July 2021, the Company received an execution ruling issued by the Shanghai Second Court dated 20 April 2021 in relation to the disposal of the Shanghai Runtong Shares to its 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 for the Zhiying Legal Proceedings. Thus, Shanghai Runtong ceased to be a subsidiary of the Company.

As at the date of this announcement, the Company is of the view that, there is no further room for negotiation with the debtors on the probable settlement of the outstanding material debts (including extension/renewal/refinancing/cash repayment/debt conversion to equity etc.) from the remaining business operations of the Group. The Company shall explore other ways to handle the outstanding debts.

The Group has pursued possible cooperation opportunities with potential external investors. On 11 March 2022, the Company entered into the Framework Agreement with the Potential Investor pursuant to which the Potential Investor intends to invest in the Company.

The Company expects that further details for the cooperation or investment, if any, will be available in June 2022, following the completion of the due diligence conducted by the Potential Investor and the relevant intermediaries as commissioned by it.

The Company is dedicated in resolving the Group's historical financial issues and proactive in exploring possible debt restructuring opportunities, including disposal of loss-making subsidiaries, devising new repayment plans with debtors and reaching out for potential investors. Meanwhile, the Company continues to seek for potential business and investment opportunities with an aim to broaden its source of income, so as to revive the Group's businesses.

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

(b) Limitation of scope on deconsolidation of the Anhui Huaxing Group

Since the acceptance of the Bankruptcy Restructuring application and deconsolidation of Anhui Huaxing on 13 August 2021, the Company has lost control over Anhui Huaxing. The Company has used its best endeavour to communicate with Anhui Huaxing for obtaining information and documents required for audit work. Notwithstanding this, the provision of the information and documents could only be arranged under lengthened timespan and increased efforts.

The Directors and the Audit Committee take the view that, the disclaimer of opinion relating to "limitation of scope on deconsolidation of the Anhui Huaxing Group" would only affect the figures of the reporting period and also the corresponding comparative figures of the consolidated financial statement for the year ending 31 December 2022, but will be removed in the consolidated financial statements for the year ending 31 December 2023.

(c) Limitation of scope on amount due to Anhui Huaxing

Since the acceptance of the Bankruptcy Restructuring application and deconsolidation of Anhui Huaxing on 13 August 2021, the Company has lost control over Anhui Huaxing. The Company has used its best endeavour to communicate with Anhui Huaxing for obtaining the information and documents required for audit work. Notwithstanding this, the provision of the information and documents could only be arranged under lengthened timespan and increased efforts.

The Group is now using its best endeavour to negotiate with Anhui Huaxing on the agreed figure of the amount due. If the confirmation of such agreed figure with no material varies can be obtained within 2022, the Directors and the Audit Committee take the view that this disclaimer of opinion relating to “limitation of scope on amount due to Anhui Huaxing” could be removed in the consolidated financial statements for the year ending 31 December 2022.

PROSPECTS

Notwithstanding the deconsolidation of Anhui Huaxing, the Company has retained a core business teams and senior managers who are familiar with the agrochemical products supply chain services industry, and will endeavour to maintain upstream and downstream partnerships in this industry. The Company intends to continue to focus on the existing three segments in its on-going business development.

The management of the Group also will continue to dedicate its efforts in resolving the Group’s historical financial issues through maintaining in-depth discussions and planning with external potential investors including the Potential Investor, creditors and relevant financial institutions, 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.

CORPORATE GOVERNANCE

Corporate Governance Code

Save and except the following, the Board is of the view that throughout the year ended 31 December 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.

On 3 December 2021, Mr. Liu Jun resigned from his position as an independent non-executive director of the Company due to work adjustment. Following the resignation of Mr. Liu, the Board only has two independent non-executive directors, with the number of independent non-executive directors falling below the minimum number of three as required under Rule 3.10(1) of the Listing Rules.

The Company has yet to succeed in its appeal to potential candidate for the independent non-executive Director vacancy. In this regard, the Company has been using, and will continue to use, its best endeavour to identify a suitable candidate as an independent non-executive director of the Company to fill the vacancy as soon as practicable.

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ and supervisors’ securities transactions. Having made specific enquiry, all the incumbent Directors and the Supervisors confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2021.

CHANGE OF DIRECTORS

The change of Directors during the year ended 31 December 2021 and as at the date of this announcement are as follows:

On 15 January 2021, Mr. Yan Zebin resigned from his position as an executive Director.

On 18 June 2021, Mr. Li Wenming was elected and appointed as an executive Director at the annual general meeting held on the same date by way of ordinary resolution. On 30 March 2022, Mr. Li Wenming resigned from his position as an executive Director.

On 3 December 2021, Mr. Liu Jun resigned from his position as an independent non-executive Director.

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.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 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 has adopted the terms of reference of the Audit Committee aligned with the code provisions in the CG Code. The primary duties of the Audit Committee are to review and monitor the financial reporting process and internal controls system of the Group as well as overseeing the relationship with the Company's external auditor. The Audit Committee comprises two independent non-executive Directors, namely, Mr. Chung Cheuk Ming and Mr. Yang Gaoyu and a non-executive Director, namely, Mr. Lu Tingfu. The chairman of the Audit Committee is Mr. Chung Cheuk Ming.

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group, the internal control procedures, and the audited results of the Company for the year ended 31 December 2021, and has met with the external auditor and discussed the financial matters of the Group that arose during the course of audit for the year ended 31 December 2021. The Audit Committee has confirmed the audited annual results of the Group for the year ended 31 December 2021 set out in this announcement.

SCOPE OF WORK OF ASIAN ALLIANCE (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's Auditor, Asian Alliance (HK) CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Asian Alliance (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Asian Alliance (HK) CPA Limited on this announcement.

DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2021 (2020: Nil).

PUBLICATION OF ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.dsgd-sh.co>). The 2021 annual report containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course and despatched to the shareholders.

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

Shanghai, PRC, 31 March 2022

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

** For identification purpose only*