



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  
2020 中期報告

## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors

Lan Huasheng (*Chairman*)  
Wang Liguo (*Chief Executive Officer*)  
Yan Zebin

#### Non-Executive Directors

Lu Tingfu

#### Independent Non-Executive Directors

Chung Cheuk Ming  
Yang Gaoyu  
Liu Jun  
Zhou Jianhao  
(passed away on 3 February 2020)

### 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 2605, 26/F  
Convention Plaza Office Tower  
No. 1 Harbour Road  
Wanchai  
Hong Kong

### COMPANY WEBSITE

[www.dsgd-sh.co](http://www.dsgd-sh.co)

### COMPANY SECRETARY

Qian Di

### AUTHORISED REPRESENTATIVES

Lan Huasheng  
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 2020 together with comparative unaudited result for the corresponding period in 2019.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

		For the six months ended 30 June	
		2020	2019
	Note	Unaudited RMB'000	Unaudited RMB'000
<b>Continuing operations</b>			
Revenue	3	903,509	832,178
Cost of sales		(700,143)	(671,908)
Gross profit		203,366	160,270
Other income	3	12,899	13,733
Distribution costs		(30,801)	(31,215)
Administrative and other expenses		(107,307)	(89,221)
Impairment losses, net of reversal		2,392	(4)
Profit on disposal of subsidiaries		86,090	20,689
Finance costs	5	(103,567)	(86,854)
(Loss) profit before tax	6	63,072	(12,602)
Income tax expense	7	(12,695)	(1,062)
(Loss) profit for the period from continuing operations		50,377	(13,664)
<b>Discontinued operations</b>			
Loss for the period from discontinued operations, net of income tax	8	–	(38,074)
(Loss) profit for the period		50,377	(51,738)
<b>Other comprehensive (expense) income</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		561	60
		561	60
Other comprehensive (expense) income for the period, net of income tax		561	60
<b>Total comprehensive (expense) income for the period</b>		<b>50,938</b>	<b>(51,678)</b>

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

	Note	For the six months ended 30 June	
		2020 Unaudited RMB'000	2019 Unaudited RMB'000
<b>(Loss) profit for the period attributable to owners of the Company</b>			
– from continuing operations		57,922	(14,873)
– from discontinued operations		–	(34,762)
		<b>57,922</b>	<b>(49,635)</b>
<b>(Loss) profit for the period attributable to non-controlling interests</b>			
– from continuing operations		(7,545)	1,209
– from discontinued operations		–	(3,312)
		<b>(7,545)</b>	<b>(2,103)</b>
		<b>50,377</b>	<b>(51,738)</b>
<b>Total comprehensive (expense) income for the period attributable to:</b>			
– Owners of the Company		58,483	(49,575)
– Non-controlling interests		(7,545)	(2,103)
		<b>50,938</b>	<b>(51,678)</b>
<b>(Loss) profit per share</b>			
From continuing and discontinued operations			
– Basic and diluted (RMB)	9	0.006	(0.005)
From continuing operations			
– Basic and diluted (RMB)		0.006	(0.002)

## Consolidated Statement of Financial Position

		As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
	<i>Note</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>876,574</b>	887,087
Right-of-use asset		<b>94,821</b>	96,100
Intangible assets		<b>13,394</b>	14,524
Interests in associates		<b>39,893</b>	24,493
Equity instruments at fair value through other comprehensive income		<b>10,140</b>	10,140
Trade and other receivables – non-current portion	12	<b>30,037</b>	66,552
Deferred tax assets		<b>376</b>	376
		<b>1,065,235</b>	1,099,272
<b>CURRENT ASSETS</b>			
Inventories	11	<b>186,367</b>	268,224
Trade and other receivables	12	<b>1,293,218</b>	1,121,465
Restricted bank deposits		<b>143,265</b>	151,277
Bank balances and cash		<b>51,652</b>	65,222
		<b>1,674,502</b>	1,606,188
Assets classified as held for sale	8	–	3,259,843
		<b>1,674,502</b>	4,866,031

## Consolidated Statement of Financial Position *(Continued)*

		As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
	Note		
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	1,299,919	1,253,747
Lease liabilities		1,010	945
Contract liabilities		174,404	282,203
Borrowings	14	1,715,674	2,112,786
Tax liabilities		94,780	85,598
		<b>3,285,787</b>	3,735,279
Liabilities associated with assets classified as held for sale	8	-	2,755,913
		<b>3,285,787</b>	6,491,192
<b>NET CURRENT LIABILITIES</b>		<b>(1,611,285)</b>	(1,625,161)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(546,050)</b>	(525,889)
<b>NON-CURRENT LIABILITIES</b>			
Other payables – non-current portion		4,455	4,950
Borrowings	14	134,661	139,061
Deferred tax liabilities		3,666	3,063
		<b>142,782</b>	147,074
<b>NET LIABILITIES</b>		<b>(688,832)</b>	(672,963)
<b>CAPITAL AND RESERVES</b>			
Share capital	15	955,108	955,108
Reserves		(1,027,747)	(1,067,525)
Equity attributable to owners of the Company		<b>(72,639)</b>	(112,417)
Non-controlling interests		<b>(616,193)</b>	(560,546)
<b>TOTAL DEFICIT</b>		<b>(688,832)</b>	(672,963)

## Condensed Consolidated Statement of Changes In Equity – Unaudited

	Share capital RMB'000	Capital reserve RMB'000	Statutory reserve fund RMB'000	Other reserve RMB'000	Currency translation reserve RMB'000	Available-for-sale investments reserve RMB'000	Retained earnings/ losses RMB'000	Equity attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
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)
At 1 January 2019	955,108	2,366,184	168,334	17,912	(9,085)	5,650	(3,304,853)	199,250	97,169	296,419
Loss for the period	—	—	—	—	—	—	(49,635)	(49,635)	(2,103)	(51,738)
Exchange differences arising on translation of foreign operations	—	—	—	—	60	—	—	60	—	60
Total comprehensive income(expense) for the period	—	—	—	—	60	—	(49,635)	(49,575)	(2,103)	(51,678)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	(134,092)	(134,092)
At 30 June 2019 (unaudited)	955,108	2,366,184	168,334	17,912	(9,025)	5,650	(3,354,488)	149,675	(39,026)	110,649

## Condensed Consolidated Statement of Cash Flows – Unaudited

	For the six months ended 30 June	
	2020 Unaudited RMB'000	2019 Unaudited RMB'000
Net cash from/(used in) operating activities	<b>82,927</b>	287,461
Net cash from/(used in) investing activities	<b>(82,436)</b>	10,153
Net cash from/(used in) financing activities	<b>(14,061)</b>	(298,153)
Net increase/(decrease) in cash and cash equivalents	<b>(13,570)</b>	(539)
Cash and cash equivalents at beginning of the period	<b>65,222</b>	58,394
Cash and cash equivalents at end of the period	<b>51,652</b>	57,855





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 2020 (“**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 2019, except for those accounting policy changes that are expected to be reflected in the 2020 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 2019 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 2019 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 2019 which is included in the annual report for the year ended 31 December 2019 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 RMB1,611,285,000 as at 30 June 2020. As at 30 June 2020, the Group's total borrowings amounted to approximately RMB1,850,335,000, of which approximately RMB1,715,674,000 were classified as current liabilities, while its cash and cash equivalents amounted to approximately RMB51,652,000 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 2020. 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 2020. 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 2019, 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, agricultural big-data services, 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	
	2020 Unaudited RMB'000	2019 Unaudited RMB'000
Turnover:		
Agricultural and petrochemical products supply chain services	–	2,383
Financial leasing and commercial factoring services	3,219	12,049
Agricultural big-data services	8,018	8,611
Agrochemical products supply chain services	892,272	809,135
	903,509	832,178
Other income and gains:		
Government grants	4,693	2,912
Interest income	975	538
Others	7,231	9,905
	12,899	13,733

## 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 2020, the Group has four 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
- Agricultural big-data services – provision of software related services, collection and transportation and other services, including installation and technical support of payment platform systems
- Agrochemical products supply chain services – production and sale of pesticides and chemical products

Operating segments regarding road and bridge construction business had been discontinued during the year ended 31 December 2019. 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 2020 are as follows:

	Agricultural and petrochemical products supply chain services RMB'000	Financial leasing and commercial factoring RMB'000	Agricultural big-data services RMB'000	Agrochemical products supply chain services RMB'000	Total RMB'000
Reportable segment revenue from external customers	-	3,219	8,018	892,272	903,509
Reportable segment profit	(5,438)	1,146	4,084	80,757	80,549
Finance costs	(63,945)	(23,110)	-	(16,512)	(103,567)
Profit on disposal of subsidiaries	86,090	-	-	-	86,090
Profit before income tax expense					63,072
Income tax expense					(12,695)
Profit for the period					50,377

The segment results for the six months ended 30 June 2019 are as follows:

	Agricultural and petrochemical products supply chain services RMB'000	Financial leasing and commercial factoring RMB'000	Agricultural big-data services RMB'000	Agrochemical products supply chain services RMB'000	Total RMB'000 (Restated)
Reportable segment revenue from external customers	2,383	12,049	8,611	809,135	832,178
Reportable segment profit	(9,866)	512	3,071	59,846	53,563
Finance costs	(66,157)	(12)	(8)	(20,677)	(86,854)
Profit on disposal of subsidiaries	20,689	-	-	-	20,689
Loss before income tax expense					(12,602)
Income tax expense					(1,062)
Loss for the period					(13,664)

#### 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 2020					Six months ended 30 June 2019				
	Agricultural and petrochemical products supply chain services	Financial leasing and commercial factoring	Agricultural big-data services	Agrochemical products supply chain services	Total	Agricultural and petrochemical products supply chain services	Financial leasing and commercial factoring	Agricultural big-data services	Agrochemical products supply chain services	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation	68	77	320	14,275	14,740	544	105	340	11,019	12,008
Amortisation	-	5	453	832	1,290	-	-	358	590	948

The reportable segment assets and liabilities at 30 June 2020 are as follows:

	Agricultural and petrochemical products supply chain services	Financial leasing and commercial factoring	Agricultural big-data services	Agrochemical products supply chain services	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment assets	635,716	373,267	172,844	1,557,910	2,739,737
Reportable segment liabilities	(1,674,422)	(768,519)	(112,074)	(873,554)	(3,428,569)

The reportable segment assets and liabilities at 31 December 2019 are as follows:

	Agricultural and petrochemical products supply chain services	Financial leasing and commercial factoring	Agricultural big-data services	Agrochemical products supply chain services	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment assets	579,149	382,420	201,349	1,542,542	2,705,460
Reportable segment liabilities	(2,004,783)	(754,709)	(143,259)	(979,602)	(3,882,353)

#### 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	
	2020	2019
	Unaudited RMB'000	Unaudited RMB'000
Interest expense on borrowing wholly repayable within five years and discounted commercial notes	103,533	86,854
Interest expense on lease liabilities	34	–
Total finance costs	103,567	86,854

#### 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	
	2020	2019
	Unaudited RMB'000	Unaudited RMB'000
Depreciation of investment properties and property, plant and equipment	14,740	12,008
Staff costs	45,241	27,460
Cost of inventories recognised as expenses	696,615	658,847
Operating lease rental expenses in respect of – Land and buildings	696	1,232
Impairment loss recognised (reversed) on trade and other receivables	(25)	4
Impairment loss reversed on interests in associates	(2,367)	–

## 7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
	RMB'000	RMB'000
Current income tax		
PRC enterprise income tax	12,092	2,205
Hong Kong profits tax	–	–
Deferred income tax	603	(1,143)
	12,695	1,062

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 loss for the period from discontinued operations is set out below:

	Note	For the six months ended 30 June	
		2020	2019
		Unaudited	Unaudited
		RMB'000	RMB'000
Loss for the period from:			
Road and bridge construction business	(a)	–	(38,074)
		–	(38,074)

Assets classified as held for sale is set out below:

	Note	As at	As at
		30 June	31 December
		2020	2019
		Unaudited	Audited
		RMB'000	RMB'000
Assets classified as held for sale related to:			
Road and bridge construction business	(a)	–	3,255,714
Prepaid lease payments	(b)	–	4,129
		–	3,259,843



## 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 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
	Note		
Liabilities associated with assets classified as held for sale related to:			
Road and bridge construction business	(a)	–	2,755,913
		–	2,755,913

## 9. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to owners of the Company of RMB57,922,000 (six months ended 30 June 2019: RMB(49,635,000)) by the weighted average number of ordinary shares in issue throughout the period of 9,551,079,812 shares (six months ended 30 June 2019: 9,551,079,812 shares as restated).

	For the six months ended 30 June	
	2020 Unaudited	2019 Unaudited
(Loss) profit attributable to owners of the Company (RMB'000)	57,922	(49,635)
Weighted average number of ordinary shares in issue (thousands)	9,551,080	9,551,080
Basic (loss) earnings per share (RMB per share)	0.006	(0.005)

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 2020 and 2019.

## 10. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

## 11. INVENTORIES

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Third party payment services equipments	153	169
Consumables	9,854	9,726
Work in progress	1,446	2,955
Finished goods	123,066	186,459
Raw materials	51,848	68,915
	<b>186,367</b>	<b>268,224</b>

## 12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Trade receivables	1,012,353	978,540
Bank notes receivable	4,748	13,370
Finance lease receivables	149,139	156,571
Factoring loan receivables	2,688,903	2,688,903
Total trade and notes receivables	3,855,143	3,837,384
Prepayments and deposits	41,385	38,775
Other receivables	2,176,641	2,061,682
Amount due from associates	110	110
Amount due from a related company	786	277
Less: Allowance for credit losses	(4,750,810)	(4,750,211)
	<b>1,323,255</b>	<b>1,188,017</b>
Classified as:		
Non-current assets	30,037	66,552
Current assets	1,293,218	1,121,465
	<b>1,323,255</b>	<b>1,188,017</b>

## 12. TRADE AND OTHER RECEIVABLES (Continued)

The ageing analysis of trade and notes receivables for agricultural and petrochemical products supply chain services, agricultural big-data services and agrochemical products supply chain services are prepared based on invoice dates. For the finance lease and commercial factoring business, the aging analysis is based on the lease and loan commencement dates set out in the relevant contracts. The details of aging analysis that are before impairment loss as follows:

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
<b>Agricultural and petrochemical products supply chain services (note (a))</b>		
Less than 31 days	–	55
31 to 60 days	–	249
61 to 90 days	–	–
91 days to less than 1 year	109	500
1 year to less than 2 years	107,175	155,017
2 years to less than 3 years	640,465	674,630
Over 3 years	38,786	29,257
	<b>786,535</b>	<b>859,708</b>
<b>Finance lease and commercial factoring business (note (b))</b>		
Less than 6 months	–	26,988
6 months to less than 1 year	26,988	–
1 year to less than 2 years	1,268,240	1,274,323
Over 2 years	1,542,814	1,545,163
	<b>2,838,042</b>	<b>2,845,474</b>
<b>Agricultural big-data services (note (c))</b>		
Less than 1 year	19	–
1 year to less than 2 years	7,020	7,020
	<b>7,039</b>	<b>7,020</b>

## 12. TRADE AND OTHER RECEIVABLES (Continued)

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Agrochemical products supply chain services (note (d))		
Less than 6 months	188,279	97,181
6 months to less than 1 year	29,799	27,119
1 year to less than 2 years	4,838	172
2 years to less than 3 years	242	472
Over 3 years	369	238
	<b>223,527</b>	125,182
<b>Total</b>	<b>3,855,143</b>	<b>3,837,384</b>

### 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 finance lease receivables, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts, and must acquire the leased assets at the end of the lease period. The maturity date for each lease contract ranges from 1 to 3 years.

For factoring loan receivables, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The maturity date for each loan contract is normally not more than 1 year.

(c) For agricultural big-data services, the credit period is negotiated on individual basis and ranges from 0 day to 540 days.

(d) 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 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Trade payables	156,606	132,157
Notes payable	30,900	5,000
	<b>187,506</b>	<b>137,157</b>
Amount due to related companies	71,793	244,839
Other payables and accruals	1,045,075	876,701
	<b>1,304,374</b>	<b>1,258,697</b>
Less: non-current portion	(4,455)	(4,950)
Current portion	<b>1,299,919</b>	<b>1,253,747</b>

The ageing analysis of trade payables is as follows:

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Agricultural and petrochemical products supply chain services		
Less than 6 months	–	13
6 months to less than 1 year	–	–
1 year to less than 2 years	–	27,815
2 years to less than 3 years	27,815	–
3 years and over	207	207
	<b>28,022</b>	<b>28,035</b>
Provision of agricultural big data services		
Less than 6 months	279	407
6 months to less than 1 year	34	–
1 year and over	–	–
	<b>313</b>	<b>407</b>

### 13. TRADE AND OTHER PAYABLES (Continued)

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Agrochemical products supply chain services		
Less than 6 months	142,559	100,605
6 months to less than 1 year	11,593	1,861
1 year to less than 2 years	1,969	1,580
2 years to less than 3 years	2,649	4,150
3 years and over	401	519
	<b>159,171</b>	<b>108,715</b>
<b>Total</b>	<b>187,506</b>	<b>137,157</b>

### 14. BORROWINGS

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
Bank borrowings		
Secured – interest-bearing loans	435,050	828,294
Unsecured – interest-bearing loans	–	–
	<b>435,050</b>	<b>828,294</b>
Other borrowings		
Secured – interest-bearing loans	1,415,285	1,423,553
	<b>1,850,335</b>	<b>2,251,847</b>

As at 30 June 2020 and 31 December 2019, total borrowings of the Group were repayable as follows:

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
On demand or within one year	1,715,674	2,112,786
More than one year, but not exceeding five years	134,661	139,061
	<b>1,850,335</b>	<b>2,251,847</b>

## 15. SHARE CAPITAL

	Number of ordinary shares	Amount RMB'000
Authorised, issued and fully paid:		
Ordinary share of RMB0.1 each		
At 1 January 2019	9,551,079,812	955,108
At 30 June 2019 and 31 December 2019	9,551,079,812	955,108
At 30 June 2020	9,551,079,812	955,108

## 16. DISPOSAL OF SUBSIDIARIES

### During the six months ended 30 June 2020

#### **Nantong Road and Bridge Engineering Co., Ltd. (南通路橋工程有限公司) (“Nantong Road and Bridge”)**

As Shanghai Dasheng Agro-chemical Co., Ltd\* (上海大生農化有限公司), a wholly-owned subsidiary of the Company, failed to fulfill its repayment obligations under enforcement notices it received on 18 April 2019, on 30 May 2019, the Company received an execution ruling dated 23 April 2019 issued by the Shanghai Second Intermediate People’s Court\* (上海市第二中級人民法院) (the “Shanghai Court”), pursuant to which the Shanghai Court ordered, inter alia, that the Company’s 91.3% equity interests in Nantong Road and Bridge (the “Nantong Shares”) be sealed up, distrained, auctioned or sold. After successful auction of the Nantong Shares pursuant to the said execution ruling, the disposal of Nantong Road and Bridge was completed on 19 January 2020.

## 16. DISPOSAL OF SUBSIDIARIES (Continued)

During the six months ended 30 June 2019 (Continued)

### Nantong Road and Bridge (Continued)

Analysis of assets and liabilities over which control was lost:

	RMB'000
Property, plant and equipment	62,957
Right of use asset	11,913
Investment property	17,128
Goodwill	–
Intangible assets	56
Investment in joint venture	121,864
Financial asset at fair value through profit or loss	171,000
Equity instruments at fair value through other comprehensive income (“FVTOCI”)	5,000
Deferred tax assets	60,301
Contract asset	18,670
Inventory	11,137
Restricted bank deposits	46,531
Bank balances and cash	24,851
Trade and other receivables	2,704,306
Amount due from group companies	53,091
Deferred tax liabilities	(1,508)
Tax liability	(1,015)
Borrowings	(646,055)
Lease liability	(4,205)
Amounts due to customers for contract work	(108,919)
Trade and other payables	(1,994,211)
Net assets	552,892



## 16. DISPOSAL OF SUBSIDIARIES (Continued)

During the six months ended 30 June 2020 (Continued)

### Nantong Road and Bridge (Continued)

Profit on disposal of a subsidiary:

	RMB'000
Auction results	456,320
Wavier of amount due to the Group	53,091
Trade and other receivables	62,764
Other reserve	17,912
Exchange reserve	793
Non-controlling interest	48,102
Net assets disposed of	(552,892)
Profit on disposal	86,090

Net cash outflow arising on disposal:

	RMB'000
Cash consideration	–
Less: cash and cash equivalent balances disposed of	(24,851)
	(24,851)

## 17. FINANCIAL INSTRUMENTS

### (a) Categories of Financial Instruments

	As at 30 June 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
<b>Financial assets</b>		
Equity instruments at FVTOCI	10,140	10,140
Loan and receivables (including cash and cash equivalents)	1,476,785	1,365,741
	<b>1,486,925</b>	1,375,881
<b>Financial liabilities</b>		
Amortised cost	3,155,719	3,511,489

### (b) Fair Value Measurements of Financial Instruments

#### Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

	Fair value hierarchy as at 30 June 2020			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Equity instruments at FVTOCI	1,890	–	8,250	10,140
	Fair value hierarchy as at 31 December 2019			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Equity instruments at FVTOCI	1,890	–	8,250	10,140



## Management Discussion and Analysis

### FINANCIAL AND BUSINESS REVIEW

In the first half of 2020, the external economic and market environment remained in a haze, thereby the Group's operating strategies still focused on stabilising the agrochemical products supply chain services business segment, accelerating the adjustment and reorganisation of the existing businesses, while actively discussing with potential external investors about possible cooperation opportunities.

The Group has been actively managing its liquidity position and legal proceedings arisen from the Group's financial conditions as a result of the events occurred in March 2018 relating to 中國華信能源有限公司 (China CEFC Energy Company Limited) ("**China CEFC**") (the "**CEFC Events**"). In December 2019, the Nantong Shares were put on auction, and were successfully sold at the second auction in January 2020 at a revised reserve price of RMB456.32 million. Upon completion of the transfer of the Nantong Shares, Nantong Road and Bridge was no longer a subsidiary of the Company.

During the period under review, turnover of the Group was approximately RMB903,509,000, representing an increase of approximately 8.6% as compared to the same period last year. During the period under review, the Group recorded a gross profit of approximately RMB203,366,000, representing an increase of approximately 26.9% as compared to the same period last year. Profit attributable to owners of the Group was approximately RMB57,922,000, representing an increase in profit of approximately 216.7% as compared to the same period last year. The increase in profit attributable to owners of the Company was mainly attributable to the disposal of Nantong Road and Bridge.

### BUSINESS OPERATIONS

The existing main businesses of the Group comprise four business sectors, namely "agrochemical products supply chain services", "agricultural big-data services", "financial leasing and commercial factoring business" and "agricultural and petrochemical products supply chain service business".

After the successful auction of the Nantong Shares on 6 January 2020 and the completion of its disposal on 19 January 2020, the Company no longer engages in road and bridge construction, and the Group has removed the "road and bridge construction business" from the Group. Please refer to the announcements of the Company dated 29 June 2018, 1 March 2019, 30 May 2019, 23 September 2019, 18 October 2019, 22 October 2019, 4 December 2019, 10 December 2019, 6 January 2020 and 24 February 2020 for details.

## Management Discussion and Analysis (Continued)

### AGROCHEMICAL PRODUCTS SUPPLY CHAIN SERVICES BUSINESS

In the first half of 2020, Anhui Huaxing and its subsidiaries (the “Anhui Huaxing Group”) demonstrated a satisfying performance in the agrochemical products supply chain services business. As a high-tech enterprise certified by China, by virtue of its own technologies, Anhui Huaxing had managed to produce specific items that were listed in the “New and High Technology Areas with the Government’s Primary Support”, including pesticide technical materials such as glyphosate, fipronil, nicosulfuron, monosultap, imidacloprid, 2-methyl-4-chlorophenoxyacetic acid and so forth. Compared with the corresponding period last year, the production and marketing of the items mentioned above assumed a steady increase. The accumulative production of the Group was approximately 181,000 tonnes, sales of products was approximately 165,000 tonnes, and the achieved production-to-sale ratio was approximately 90.8%.

During the reporting period, in the context of greater emphasis being applied on security and environmental protection by the PRC government, Anhui Huaxing had been committed to the research and development investment in environmental protection, with an investment of a total of RMB19,713,000, which achieved tangible results in improving the efficiency of devices, reducing production consumption, as well as upgrading the transformation and treatment process of both wastewater and waste gas. Under the guidance of the policies “Focus on environmental protection, maintain sales, and give full play to production efficiency”, Anhui Huaxing commenced work on various aspects such as environmental protection, production, sales and scientific research, responded rapidly to market and policy changes, and maintained a stable business growth.

For the six months ended 30 June 2020, turnover of the Group’s agrochemical products supply chain services was approximately RMB892,272,000, representing approximately 98.8% of the total turnover of the Group; the gross profit was approximately RMB193,053,000, and the gross profit margin was approximately 21.6%.

### FINANCIAL LEASING AND COMMERCIAL FACTORING BUSINESS

For the six months ended 30 June 2020, turnover of the Group’s financial leasing and commercial factoring business was approximately RMB3,219,000, accounting for approximately 0.4% of the total turnover of the Group; the gross profit was approximately RMB2,532,000 and the gross profit margin was approximately 78.7%.

### AGRICULTURAL BIG-DATA SERVICES

For the six months ended 30 June 2020, turnover of the Group’s agricultural big-data services business was approximately RMB8,018,000, representing approximately 0.9% of the total turnover of the Group; the gross profit was approximately RMB7,782,000 and the gross profit margin was approximately 97.1%.



## Management Discussion and Analysis (Continued)

### AGRICULTURAL AND PETROCHEMICAL PRODUCTS SUPPLY CHAIN SERVICE BUSINESS

For the six months ended 30 June 2020, turnover of the Group's agricultural and petrochemical product supply chain service business was nil.

### OTHER INCOME AND GAINS

For the six months ended 30 June 2020, the Group's other income and gains, including government grants and interest income, were approximately RMB12,899,000 (six months ended 30 June 2019: approximately RMB13,733,000), which remained relatively stable.

### DISTRIBUTION COSTS

For the six months ended 30 June 2020, the Group's distribution costs were approximately RMB30,801,000 (six months ended 30 June 2019: approximately RMB31,215,000), which remained relatively stable.

### ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2020, administrative expenses of the Group were approximately RMB107,307,000 (six months ended 30 June 2019: approximately RMB89,221,000). The increase in administrative expenses of the Group was mainly attributable to the significant increase in the number of staff hired to cope with the expansion of Anhui Huaxing during the period.

### IMPAIRMENT LOSSES, NET OF REVERSAL

For the six months ended 30 June 2020, the impairment loss recognised (reversed) on trade and other receivables and interests in associates amounted to approximately RMB2,392,000.

### FINANCE COSTS

For the six months ended 30 June 2020, finance costs of the Group were approximately RMB103,567,000, representing an increase of approximately 19.2% as compared to RMB86,854,000 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 2020, profit attributable to owners of the Group was approximately RMB57,922,000 (six months ended 30 June 2019: approximately RMB(49,635,000)), representing an increase in profit of 216.7% as compared to the corresponding period last year. The basic and diluted profit per share attributable to owners of the Company during the period were approximately RMB0.006 (six months ended 30 June 2019: approximately RMB(0.005)), representing an increase in profit of approximately 221% as compared to the corresponding period last year.

### CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

#### Capital Structure

As at 30 June 2020, the Group had total assets less current liabilities of approximately RMB(546,050,000) (31 December 2019: approximately RMB(525,889,000)), including non-current assets of approximately RMB1,065,235,000 (31 December 2019: RMB1,099,272,000) and net current liabilities of approximately RMB1,611,285,000 (31 December 2019: net current liabilities of approximately RMB1,625,161,000).

As at 30 June 2020, the Group's equity attributable to owners of the Company was approximately RMB(72,639,000), representing an increase of approximately 35% as compared to that of 31 December 2019, which was mainly attributable to an increase in earnings from the disposal of the Nantong Shares and from the agrochemical products supply chain services segment during the period.

#### Liquidity and Financial Resources

As at 30 June 2020 and 31 December 2019, the Group had restricted bank deposits and cash and cash equivalents of approximately RMB194,917,000 and RMB216,499,000, respectively.

As at 30 June 2020 and 31 December 2019, the Group had short-term borrowings of approximately RMB1,715,674,000 and RMB2,112,786,000, respectively.

As at 30 June 2020 and 31 December 2019, the Group had long-term borrowings of approximately RMB134,661,000 and RMB139,061,000, respectively.

As at 30 June 2020 and 31 December 2019, debt asset ratios of the Group were approximately 125.1% and 111.3%, respectively. Debt asset ratio was calculated as the percentage of total liabilities divided by total assets.



## Management Discussion and Analysis (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 2020, the Group's right-of-use assets with a net book value of approximately RMB56,414,000 (31 December 2019: RMB57,211,000) were pledged as security for the Group's bank borrowings. As at 30 June 2020, property, plant and equipment with a net book value of approximately RMB413,621,000 (31 December 2019: approximately RMB420,294,000) were pledged as security for the Group's borrowings. As at 30 June 2020, the Group had restricted bank deposits of approximately RMB31,548,000 (31 December 2019: approximately RMB5,548,000) 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 2020, the Group had 1,443 employees (31 December 2019: 1,352 employees). During the period under review, total employees' remuneration (including Directors' remuneration) amounted to approximately RMB78,841,000 (six months ended 30 June 2019: approximately RMB58,650,000). 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

On 21 May 2018, the Company entered into an investment framework agreement with an independent third party and Nantong Road and Bridge (the “Possible Disposal”), pursuant to which the Company intended to sell and such purchaser intended to purchase part of the equity interest in Nantong Road and Bridge. As the Nantong Shares were put by the Shanghai Court on the first auction in December 2019, the Possible Disposal did not proceed. The Nantong Shares were successfully sold at the second auction in January 2020 with a revised reserve price of RMB456.32 million. On 19 January 2020, the disposal of the Nantong Shares was completed, and Nantong Road and Bridge was no longer a subsidiary of the Company after such disposal.

### INVESTMENT BY POTENTIAL INVESTOR

On 4 March 2019, the Company entered into an intent cooperation framework agreement (the “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 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.

## Management Discussion and Analysis (Continued)

### SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Continued)

#### 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.

- (c) On 24 February 2020, the Company received an execution ruling dated 19 January 2020 issued by the Shanghai Court in relation to the CEFC Legal Proceedings (as defined in the announcement dated 24 February 2020) and the successful auction of the Nantong Shares. According to such execution ruling, the successful bidder is eligible to initiate the transfer of the Company’s interest in the Nantong Shares from the date of receipt of such execution ruling. Upon completion of the transfer of the Nantong Shares, Nantong Road and Bridge ceased to be a subsidiary of the Company.



## 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”)

(d) 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 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”)(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 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 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 80% equity interest 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 in favour of the Pledgee.

On 26 May 2020, the Company received an execution ruling dated 15 May 2020 issued by the Shanghai 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.

As at the date of this report, no agreement has been reached between the Plaintiffs and Shanghai Kaiyi and no auction procedure or realisation of the equity interest in Shanghai Runtong had been initiated. Details of the Zhiying Legal Proceedings are set out in the Company’s announcements dated 11 July 2019, 22 January 2020 and 15 May 2020.

### EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2020 and up to the date of this report.

## 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 Company's debts of approximately RMB387 million under the Jiujiang Legal Proceedings have been settled upon the successful auction of the Nantong Shares and the disposal of Nantong Road and Bridge in January 2020. 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 RMB1.85 billion as at 30 June 2020 are as follows:

- The Group commenced agrochemical products supply chain services in 2018 through the acquisition of Anhui Huaxing and its subsidiary ("**Anhui Huaxing Group**") and strives to develop and enhance this continuing operations segment. For the six months ended 30 June 2020, Anhui Huaxing recorded positive operating cash flow. The Company is of the view that Anhui Huaxing would further improve the Group's liquidity going forward; and
- the Company is proactive in exploring possible debt restructuring opportunities, including disposal of loss-making subsidiaries, devising probable new repayment plans with debtors and reaching out for new 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.

### PROSPECT

Due to the impact of the coronavirus disease (COVID-19) pandemic in early 2020, the shadow of global food crisis is now looming. Meanwhile, with the gradual improvement of the seasonal raw material market of traditional pesticides, the pesticide market is expected to benefit from favorable support in Autumn 2020.

As an important production supplier in the agricultural materials industry chain, Anhui Huaxing will continue to seek opportunities amid the pandemic and will actively enhance its production capacity. Whilst adhering to the standards of environmental impact assessment, it consistently produces value adding and technical contents through its existing products and focuses on promoting the increase of 8-10 percentage points in the output proportion of the green and intelligent glyphosate preparations.

In addition, the management of the Group will focus on resolving the Company's outstanding material debts in the second half of 2020 and shall work closely with its creditors, relevant banks, and other financial institutions to explore appropriate solutions.

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

As at 30 June 2020, 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 2020, 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. Xinzhong Stable Investment Fund Limited	H shares	Beneficial owner	1,427,024,000 (L) (note 4)	23.01%	14.94%
7. Zhong Hua	H shares	Interest in controlled corporation	1,427,024,000 (L) (note 5)	27.93%	18.13%

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.
- (4) Based on the latest disclosure of interest filings made by Xinzhong Stable Investment Fund Limited ("**Xinzhong Stable Investment**"), Xinzhong Stable Investment is wholly owned by Zhong Hua as at 30 June 2020. By virtue of the SFO, Zhong Hua is deemed to be interested in the H shares held by Xinzhong Stable Investment.
- (5) Based on the latest disclosure of interest filings made by Zhong Hua as at 30 June 2020.

## 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 2020.

## Corporate Governance

### CORPORATE GOVERNANCE CODE

The Board is of the view that throughout the six months ended 30 June 2020, 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 7 May 2020, the Board resolved to amend the terms of reference of the audit committee of the Board (the "**Audit Committee**") by revising the number of members of the Audit Committee from four non-executive Directors to at least three non-executive Directors. The revised terms of reference of the Audit Committee has been published on the website of the Stock Exchange on 7 May 2020.

### 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. 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 2020.

## Purchase, Sales or Redemption of Listed Securities

During the six months ended 30 June 2020, 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 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 2020 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 2020 (six months ended 30 June 2019: 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 2020 are as follows:

On 3 February 2020, Mr. Zhou Jianhao, an independent non-executive Director, the chairman of the remuneration and assessment committee, a member of the nomination committee and a member of the audit committee, passed away due to ill health. Following the passing of Mr. Zhou, the Board comprises six members, including three executive Directors, one non-executive Director and 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. On 7 May 2020, the Stock Exchange granted to the Company a waiver from strict compliance with Rule 3.10(1) of the Listing Rules for the period from 3 May 2020 to 30 June 2020.





## Change of Directors (*Continued*)

On 30 June 2020, Mr. Liu Jun was elected and appointed as an independent non-executive Director of the sixth session of the Board. Following the appointment of Mr. Liu, the composition of the Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors, and the Company has complied with the requirements under Rule 3.10(1) of the Listing Rules.

## Amendment of Articles of Association

Based on the relevant regulations of the regulatory institutions and actual conditions of the Company, the Board proposed on 7 May 2020 to amend the relevant articles of the articles of association of the Company (the “**Articles of Association**”). The proposed amendments included the notice period and convening procedures for convening general meetings and other ancillary matters; (2) shares repurchase, including supplementing situations where share repurchase of the Company is allowed in accordance with the PRC Company Law, and make corresponding amendments to the duties and responsibilities of general meeting and the Board for shares repurchase; and (3) the Board seats specified in the relevant articles of the Articles of Association. The above amendments have been approved by shareholders at the annual general meeting and the class meetings of the Company on 30 June 2020. The revised Articles of Association has been published on the website of the Stock Exchange on 30 June 2020.

## 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, 28 August 2020

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