

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2020

or

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-34260

CHINA GREEN AGRICULTURE, INC.

(Exact name of registrant as specified in its charter)

Nevada

36-3526027

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

Third floor, Borough A, Block A. No. 181, South Taibai Road  
Xi'an, Shaanxi Province, PRC 710065  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number: +86-29-88266368

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

Common Stock, \$0.001 Par Value Per Share

NYSE

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such report(s)), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's

most recently completed second fiscal quarter: \$16,842,391 as of December 31, 2019, based on the closing price \$2.82 of the Company's common stock on such date.

The number of outstanding shares of the registrant's common stock on December 4, 2020, was 6,350,129.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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FOR FISCAL YEAR ENDED JUNE 30, 2020

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## PART I

### **Item 1. Business**

China Green Agriculture, Inc. (“we” or “the Company”) is primarily engaged in the research, development, production and sale of various types of fertilizers and agricultural products in the People’s Republic of China (“PRC”) through its wholly-owned Chinese subsidiaries, Jinong Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd. (“Jinong”), and Beijing Gufeng Chemical Products Co., Ltd., (“Gufeng”), both of which are engaged in fertilizer production. In addition, we operate through variable interest entities (the “VIEs”), including Xi’an Hu County Yuxing Agriculture Technology Development Co., Ltd. (“Yuxing”), engaged in agricultural products production, and another eight VIE companies that we acquired since June 2016. Our primary business is fertilizer products, specifically humic acid-based compound fertilizer produced through Jinong; and compound fertilizer, blended fertilizer, organic compound fertilizer, slow-release fertilizers, highly-concentrated water-soluble fertilizers and mixed organic-inorganic compound fertilizer produced through Gufeng. In addition, through Yuxing, we develop and produce agricultural products, such as top-grade fruits, vegetables, flowers and colored seedlings.

Since June 2016, the Company, through its wholly-owned subsidiary Jinong, entered into strategic acquisition agreements and a series of contractual agreements with the shareholders of the following eight companies that are organized under the laws of the PRC and are deemed as VIEs: Shaanxi Lishijie Agrochemical Co., Ltd., Songyuan Jinyanguang Sannong Service Co., Ltd., Shenqiu County Zhenbai Agriculture Co., Ltd., Weinan City Linwei District Wangtian Agricultural Materials Co., Ltd., Aksu Xindeguo Agricultural Materials Co., Ltd., and Xinjiang Xinyulei Eco-agriculture Science and Technology Co., Ltd., Sunwu County Xiangrong Agricultural Materials Co., Ltd., and Anhui Fengnong Seed Co., Ltd. (collectively hereafter referred to as “the VIE Companies.”)

Fertilizer production is our core business and we generated approximately \$200,185,739, \$237,212,740, and \$210,706,415, or 80.3%, 80.6%, and 73.1% of our total revenues for the years ended June 30, 2020, 2019 and 2018, respectively. Our total annual production capacity was 555,000 metric tons as of June 30, 2020.

As of June 30, 2020, we sold our products through a network of 1,823 regional distributors covering 22 provinces, 4 autonomous regions and 4 central government-controlled municipalities in China. We do not rely on any single distributor. Our top five distributors accounted for approximately 49.1% of our fertilizer revenues for the fiscal year ended June 30, 2020.

As of June 30, 2020, we have developed 730 different fertilizer products. We conduct our research and development activities through Yuxing, one of Jinong’s VIEs, which tests new fertilizers and grows high quality flowers, vegetables and seedlings for commercial sales.

During the fiscal years ended June 30, 2020, 2019, and 2018, our revenues were \$249,243,496, \$294,320,803, and \$287,053,530, respectively; our net income (loss) for these periods was \$(134,689,311), \$11,590,395, and \$(6,931,225), respectively.

## Recent Developments

### Strategic Acquisitions:

On June 30, 2016 and January 1, 2017, through Jinong, we entered into (i) Strategic Acquisition Agreements (the “SAA”), and (ii) Agreements for Convertible Notes (the “ACN”), with the shareholders of the companies as identified below (the “Targets”).

June 30, 2016:

<b>Company Name</b>	<b>Business Scope</b>	<b>Cash Payment for Acquisition (RMB<sup>[1]</sup>)</b>	<b>Principal of Notes for Acquisition (RMB)</b>
Shaanxi Lishijie Agrochemical Co., Ltd.	Sales of pesticides, agricultural chemicals, chemical fertilizers, agricultural materials; Manufacture and sales of mulches.	10,000,000	3,000,000
Songyuan Jinyanguang Sannong Service Co., Ltd.	Promotion and consulting services regarding agricultural technologies; Retail sales of chemical fertilizers (including compound fertilizers and organic fertilizers); Wholesale and retail sales of pesticides, agricultural machinery and accessories; Collection of agricultural information; Development of saline-alkali soil; Promotion and development of high-efficiency agriculture and related information technology solutions for agriculture, agricultural and biological engineering high technologies; E-commerce; Cultivation of freshwater fish, poultry, fruits, flowers, vegetables, and seeds; Recycling and complex utilization of straw and stalk; Technology transfer and training; Recycling of agricultural materials; Ecological industry planning.	8,000,000	12,000,000
Shenqiu County Zhenbai Agriculture Co., Ltd.	Cultivation of crops; Storage, sales, preliminary processing and logistics distribution of agricultural by-products; Promotion and application of agricultural technologies; Purchase and sales of agricultural materials; Electronic commerce.	3,000,000	12,000,000
Weinan City Linwei District Wangtian Agricultural Materials Co., Ltd.	Promotion and application of new agricultural technologies; Professional prevention of plant diseases and insect pests; Sales of plant protection products, plastic mulches, material, chemical fertilizers, pesticides, agricultural medicines, micronutrient fertilizers, hormones, agricultural machinery and medicines, and gardening tools.	6,000,000	12,000,000
Aksu Xindeguo Agricultural Materials Co., Ltd.	Wholesale and retail sales of pesticides; Sales of chemical fertilizers, packaged seeds, agricultural mulches, micronutrient fertilizers, compound fertilizers, plant growth regulators, agricultural machinery, and water economizers; Consulting services for agricultural technologies; Purchase and sales of agricultural by-products.	10,000,000	12,000,000
Xinjiang Xinyulei Eco-agriculture Science and Technology Co., Ltd	Sales of chemical fertilizers, packaged seeds, agricultural mulches, micronutrient fertilizers, organic fertilizers, plant growth regulators, agricultural machineries, and water economizers; Purchase and sales of agricultural by-products; Cultivation of fruits and vegetables; Consulting services and training for agricultural technologies; Storage services; Sales of articles of daily use, food and oil; On-line sales of the above-mentioned products.		
<b>Total</b>		<b>37,000,000</b>	<b>51,000,000</b>

(1) The exchange rate between RMB and U.S. dollars on June 30, 2016 was RMB1=US\$0.1508, according to the exchange rate published by Bank of China.

- (2) On November 30, 2017, the Company, through its wholly-owned subsidiary Jinong, discontinued the strategic acquisition agreements and the series of contractual agreements with the shareholders of Zhenbai. In return, the shareholders of Zhenbai agreed to tender the whole payment consideration in the SAA back to the Company with early termination penalties. The convertible notes paid to Zhenbai's shareholders and the accrued interest have been forfeited.

January 1, 2017:

<b>Company Name</b>	<b>Business Scope</b>	<b>Cash Payment for Acquisition (RMB<sup>[1]</sup>)</b>	<b>Principal of Notes for Acquisition (RMB)</b>
Sunwu County Xiangrong Agricultural Materials Co., Ltd.	Sales of pesticides, agricultural chemicals, chemical fertilizers, agricultural materials; Manufacture and sales of mulches.	4,000,000	6,000,000
Anhui Fengnong Seed Co., Ltd.	Wholesale and retail sales of pesticides; Sales of chemical fertilizers, packaged seeds, agricultural mulches, micronutrient fertilizers, compound fertilizers and plant growth regulators	4,000,000	6,000,000
<b>Total</b>		<b>8,000,000</b>	<b>12,000,000</b>

(1) The exchange rate between RMB and U.S. dollars on January 1, 2017 was RMB1=US\$0.144, according to the exchange rate published by Bank of China.

Pursuant to the SAA and the ACN, the shareholders of the Targets, while retaining possession of the equity interests and continuing to be the legal owners of such interests, agreed to pledge and entrust all of their equity interests, including the proceeds thereof (but excluding any claims or encumbrances), and the operations and management of its business to Jinong, in exchange for an aggregate amount of RMB45,000,000 (approximately \$6,367,500), to be paid by Jinong within three days following the execution of the SAA, ACN and the VIE Agreements, and convertible notes with an aggregate face value of RMB63,000,000 (approximately \$8,914,500), with an annual fixed compound interest rate of 3% and a term of three years.

The SAA contains representations and warranties by both Jinong and the shareholders of the Targets, including:

Should the shareholders of the Targets fail to satisfy the conditions listed in the exhibit to the SAA, i.e., the entry into the VIE Agreements, or breach of any the representations or warranties in the SAA, other than the direct and consequential damages that may cause to Jinong, they are to pay RMB100,000 (approximately \$14,150) as liquidated damages.

The shareholders of the Targets also agreed to ensure that its management and principal technology employees enter into noncompetition agreements prohibiting them from any direct or indirect operation or ownership of any business that is in competition with the Targets.

The shareholders of the Targets also represented that there are no claims or encumbrances against their interests, as defined in the SAA, and that there are no actions or other legal proceedings pending against the Targets that would have a material adverse effect on the Target's capacity to fulfill their contractual obligations. The Targets are to have a minimum of 10% annual compound growth rate (the "Growth Rate") within the three years after the closing of the acquisitions (the "Closing").

Pursuant to the SAA, all the existing employees continue to be the employees of the Targets after the Closing based on their current employment terms, subject to the decisions of the new Boards of Directors of the Targets to be formed after the Closing.

Under the agreements relating to the convertible notes, each convertible note has a face value of RMB100, with a term of three years and an annual fixed compound interest rate of 3%. The convertible notes take priority over the preferred stock and common stock of Jinong, and any other class or series of capital stock Jinong issues in the future, in terms of interest and payments in the event of any liquidation, dissolution or winding up of Jinong. On or after the third anniversary of the issuance date of each note (the "Maturity Date"), noteholders may convert the notes into Common Stock of the Company. The noteholders may not convert the notes prior to the Maturity Date. If a note is converted into the Company's common stock, the noteholder will become a holder of the Company's common stock.

The per share conversion price of the notes is the greater of the following: (i) \$5.00 per share or (ii) 75% of the closing price of the Company's common stock on the date the noteholder delivers the conversion notice.

If the profits of the Targets hit certain levels of sales set by the parties, i.e., the Growth Rate, Jinong may, at its discretion, convert the notes to (i) cash, (ii) the Company's common stock, or (iii) to a combination of cash and the Company's common stock, in the amount of the face value of the notes with compound interest for three years.

Upon the Maturity Date of the note, the noteholder can (i) request Jinong to convert all or a part of the note; (ii) continue to hold the note until the

holder elects to deliver a conversion request; however, if the holder chooses to hold the note after the Maturity Date, no interest accrues on the note after the three-year term.



In the event that the actions of the Targets or noteholders materially impair Jinong or if any of the Targets fail to achieve the Growth Rate, Jinong may request noteholders to redeem the shares they hold of the Targets for (i) an amount represented by the convertible notes including the accrued interest and the cash payment Jinong made on the Closing of the acquisition and (ii) 15% of the amount under (i) mentioned immediately prior to this item. However, the noteholder can elect to offset the payment of the interest of the note by the annual increase rate the Targets realizes, despite a lower rate.

#### VIE Structure with the Targets

Jinong, the Targets, and the shareholders of the Targets also entered into a series of contractual agreements for the Targets to qualify as variable interest entities or VIEs (the “VIE Agreements”). The VIE Agreements can be summarized as follows:

#### Entrusted Management Agreements

Pursuant to the terms of certain Entrusted Management Agreements dated June 30, 2016 and January 1, 2017, between Jinong and the shareholders of the sales VIE Companies (the “Entrusted Management Agreements”), the sales VIE Companies and their shareholders agreed to entrust the operations and management of its business to Jinong. According to the Entrusted Management Agreement, Jinong possesses the full and exclusive right to manage the sales VIE Companies’ operations, assets and personnel, has the right to control all the sales VIE Companies’ cash flows through an entrusted bank account, is entitled to the sales VIE Companies’ net profits as a management fee, is obligated to pay all the sales VIE Companies’ payables and loan payments, and bears all losses of the sales VIE Companies. The Entrusted Management Agreements will remain in effect until (i) the parties mutually agree to terminate the agreement; (ii) the dissolution of the sales VIE Companies; or (iii) Jinong acquires all the assets or equity of the sales VIE Companies (as more fully described below under “Exclusive Option Agreements”).

#### Exclusive Technology Supply Agreements

Pursuant to the terms of certain Exclusive Technology Supply Agreements dated June 30, 2016 and January 1, 2017, between Jinong and the sales VIE companies (the “Exclusive Technology Supply Agreements”), Jinong is the exclusive technology provider to the sales VIE companies. The sales VIE companies agreed to pay Jinong all fees payable for technology supply prior to making any payments under the Entrusted Management Agreement. The Exclusive Technology Supply Agreements shall remain in effect until (i) the parties mutually agree to terminate the agreement; (ii) the dissolution of the sales VIE companies; or (iii) Jinong acquires the sales VIE companies (as more fully described below under “Exclusive Option Agreements”).

#### Shareholder’s Voting Proxy Agreements

Pursuant to the terms of certain Shareholder’s Voting Proxy Agreements dated June 30, 2016 and January 1, 2017, among Jinong and the shareholders of the sales VIE companies (the “Shareholder’s Voting Proxy Agreements”), the shareholders of the sales VIE companies irrevocably appointed Jinong as their proxy to exercise on such shareholders’ behalf all of their voting rights as shareholders pursuant to PRC law and the Articles of Association of the sales VIE companies, including the appointment and election of directors of the sales VIE companies. Jinong agreed that it shall maintain a board of directors, the composition and appointment of which shall be approved by the Board of the Company. The Shareholder’s Voting Proxy Agreements will remain in effect until Jinong acquires all the assets or equity of the sales VIE companies.

#### Exclusive Option Agreements

Pursuant to the terms of certain Exclusive Option Agreements dated June 30, 2016 and January 1, 2017, among Jinong, the sales VIE companies, and the shareholders of the sales VIE companies (the “Exclusive Option Agreements”), the shareholders of the sales VIE companies granted Jinong an irrevocable and exclusive purchase option (the “Option”) to acquire the sales VIE companies’ equity interests and/or remaining assets, but only to the extent that the acquisition does not violate limitations imposed by PRC law on such transactions. The Option is exercisable at any time at Jinong’s discretion so long as such exercise and subsequent acquisition of the sales VIE companies does not violate PRC law. The consideration for the exercise of the Option is to be determined by the parties and memorialized in the future by definitive agreements setting forth the kind and value of such consideration. Jinong may transfer all rights and obligations under the Exclusive Option Agreements to any third parties without the approval of the shareholders of the sales VIE companies so long as a written notice is provided. The Exclusive Option Agreements may be terminated by mutual agreements or by 30 days written notice by Jinong.

### Equity Pledge Agreements

Pursuant to the terms of certain Equity Pledge Agreements dated June 30, 2016 and January 1, 2017, among Jinong and the shareholders of the sales VIE companies (the “Pledge Agreements”), the shareholders of the sales VIE companies pledged all of their equity interests in the sales VIE companies to Jinong, including the proceeds thereof, to guarantee all of Jinong’s rights and benefits under the Entrusted Management Agreements, the Exclusive Technology Supply Agreements, the Shareholder’ Voting Proxy Agreements and the Exclusive Option Agreements. Prior to termination of the Pledge Agreements, the pledged equity interests cannot be transferred without Jinong’s prior written consent. The Pledge Agreements may be terminated only upon the written agreement of the parties.

### Non-Compete Agreements

Pursuant to the terms of certain Non-Compete Agreements dated June 30, 2016 and January 1, 2017, among Jinong and the shareholders of the Targets (the “Non-Compete Agreements”), the shareholders of the Targets agreed that during the period beginning on the initial date of their services with Jinong, and ending five (5) years after termination of their services with Jinong, without Jinong’s prior written consent, they will not provide services or accept positions (including partners, directors, shareholders, managers, proxies or consultants) with by any profit making organizations with businesses that may compete with Jinong. They will not solicit or interfere with any of Jinong’s customers, or solicit, induce, recruit or encourage any person engaged or employed by Jinong to terminate his or her service or engagement.

Jinong acquired the Targets using the VIE arrangement based on our need to further develop our business and comply with the regulatory requirements under the PRC laws.

As our business focuses on the production of fertilizer, all our business activities intertwine with those in the agriculture industry in China. Specifically, we deal with compliance, regulation, safety, inspection, and licenses in fertilizer production, farmland use and transfer, growing and distribution of agriculture goods, agriculture basic supplies, seeds, pesticides, and trades of grains. It is an industry in which stringent regulations are implemented and strictly enforced. In addition, e-commerce, which is also under strict government regulations in the PRC, has lately become a sale and distribution channel for agricultural products. Currently, we are developing an online platform to connect the physical distribution network we either own or lease.

Compared with the regulatory environment in other jurisdictions, the regulatory environment in the PRC is unique. For example, On August 8, 2006, six PRC regulatory agencies promulgated the Regulation on Merger and Acquisition of Domestic Companies by Foreign Investors (the “M&A Rules”), which became effective on September 8, 2006. The M&A Rules require that an offshore special purpose vehicle controlled directly or indirectly by PRC companies or individuals and formed for purposes of overseas listing through acquisition of PRC domestic interests held by such PRC companies or individuals obtain the approval of the China Securities Regulatory Commission (the “CSRC”) prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange. On September 21, 2006, the CSRC published procedures regarding its approval of overseas listings by special purpose vehicles.

For both e-commerce and agriculture industries, PRC regulators limit the investment from foreign entities and set rules for foreign-owned entities to conduct business. We expect these limitations on foreign-owned entities will continue to exist in e-commerce and agriculture industries. VIE arrangements, however, provide feasibility for obtaining administrative approval process and avoiding industry restrictions that may be imposed on an entity that is a wholly-owned subsidiary of a foreign entity. The VIE agreements reduce uncertainty and the current limitation risk. It is our understanding that the VIE agreements, as well as the control we obtained through VIE arrangement, are valid and enforceable. We believe that this legal structure does not violate the known, published, and current PRC laws. While there are substantial uncertainties regarding the interpretation and application of PRC Laws and future PRC laws and regulations, and there can be no assurance that the PRC authorities will take a view that is not contrary to or otherwise different from our belief and understanding stated above, we believe the substantial difficulty that we experienced previously to conduct business in agriculture as a foreign ownership company can be greatly reduced by the VIE arrangement. Further, as an integral part of the VIE arrangement, the underlying equity pledge agreements provide legal protection for the control we obtained. Pursuant to the equity pledge agreements, we have completed the equity pledge processes with the Targets to ensure the complete control of the interests in the Targets. The shareholders of the Targets are not entitled to transfer any shares to the third party under the exclusive option agreements. If necessary, they may transfer shares to us without consideration.

While the VIE arrangement provides us with the feasibility to conduct our business in the e-commerce and agriculture industries, validity and enforceability of VIE arrangement is subject to (i) any applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws affecting creditors' rights generally, (ii) possible judicial or administrative actions or any PRC Laws affecting creditors' rights, (iii) certain equitable, legal or statutory principles affecting the validity and enforceability of contractual rights generally under concepts of public interest, interests of the State, national security, reasonableness, good faith and fair dealing, and applicable statutes of limitation; (iv) any circumstance in connection with formulation, execution or implementation of any legal documents that would be deemed materially mistaken, clearly unconscionable, fraudulent, coercive at the conclusions thereof; and (v) judicial discretion with respect to the availability of indemnifications, remedies or defenses, the calculation of damages, the entitlement to attorney's fees and other costs, and the waiver of immunity from jurisdiction of any court or from legal process. Validity and enforceability of VIE arrangements is also subject to risk derived from the discretion of any competent PRC legislative, administrative or judicial bodies in exercising their authority in the PRC. As a result, there can no assurance that any of such PRC Laws will not be changed, amended or replaced in the immediate future or in the longer term with or without retrospective effect.

## **Our History**

The Company was incorporated under the laws of the state of Kansas on February 6, 1987 under the name Videophone, Inc. The Company had no operations from December 1996 to December 2007. In October 2007, the Company was reincorporated in the state of Nevada. On December 26, 2007, the Company acquired all the issued and outstanding capital stock of Green New Jersey, through a share exchange (the "Share Exchange"). Because of the Share Exchange, the Company owns 100% of Green New Jersey. The Share Exchange occurred simultaneously with a private placement of \$20,519,255 on December 26, 2007.

Green New Jersey was incorporated on January 27, 2007 under the laws of the State of New Jersey. On August 24, 2007, Green New Jersey acquired 100% of the outstanding shares of Jinong, a company incorporated in the PRC on June 19, 2000.

After the acquisition of Green New Jersey, the Company changed its name to China Green Agriculture, Inc., effective on February 5, 2008.

On July 23, 2009, Yuxing became a direct, wholly-owned subsidiary of Jinong to facilitate the research and development of agricultural products and fertilizers. Effective June 16, 2013, Yuxing was converted into a PRC domestic enterprise wholly owned by an individual who entered into a series of contractual agreements with Jinong pursuant to which Yuxing became Jinong's variable interest entity, or VIE.

On March 9, 2009, the Company's common stock was listed on the NYSE MKT, formerly known as NYSE Amex Equities under the trading symbol "CGA". On December 4, 2009, the Company voluntarily ceased trading its common stock on the NYSE Amex Equities and transferred its listing to the New York Stock Exchange on December 7, 2009. The Company's ticker symbol remains "CGA".

On July 2, 2010, the Company, through Jinong, consummated a transaction to acquire all equity interests of Gufeng and its subsidiary Tianjuyuan. As a result, Gufeng and Tianjuyuan became wholly-owned subsidiaries of Jinong and indirect subsidiaries of the Company.

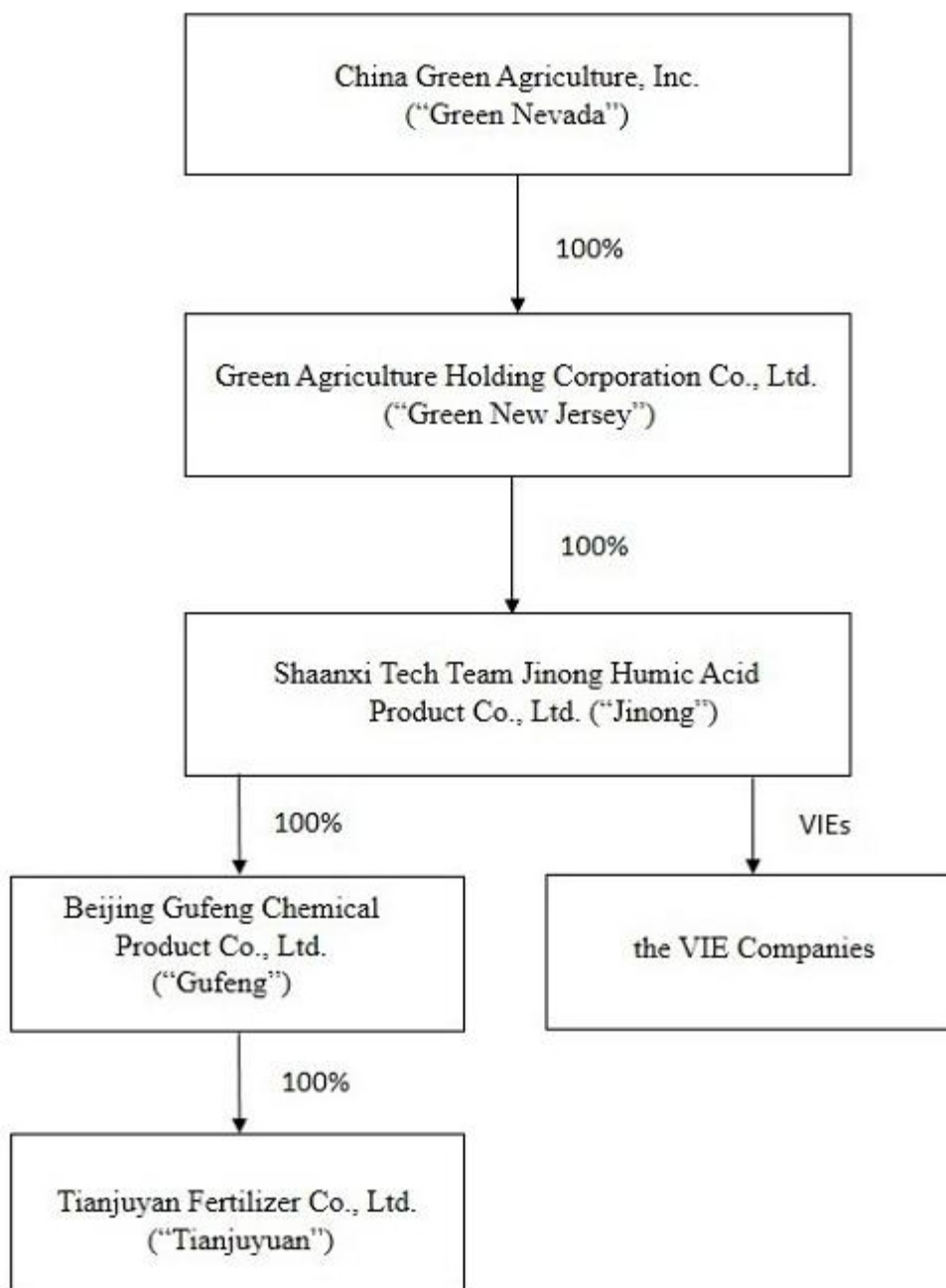
On June 30, 2016, the Company, through its wholly-owned subsidiary Jinong, entered strategic acquisition agreements and a series of contractual agreements with the shareholders of the following six companies that are organized under the laws of the PRC and would be deemed as our VIEs: Shaanxi Lishijie Agrochemical Co., Ltd., Songyuan Jinyanguang Sannong Service Co., Ltd., Shenqiu County Zhenbai Agriculture Co., Ltd., Weinan City Linwei District Wangtian Agricultural Materials Co., Ltd., Aksu Xindeguo Agricultural Materials Co., Ltd., and Xinjiang Xinyulei Eco-agriculture Science and Technology Co., Ltd.

On January 1, 2017, the Company, through its wholly-owned subsidiary Jinong, entered into strategic acquisition agreements and a series of contractual agreements with the shareholders of the following two companies that are organized under the laws of the PRC and would be deemed as our VIEs: Sunwu County Xiangrong Agricultural Materials Co., Ltd. and Anhui Fengnong Seed Co., Ltd.

On November 30, 2017, the Company, through its wholly-owned subsidiary Jinong, discontinued the strategic acquisition agreements and the series of contractual agreements with the shareholders of Zhenbai.

Our principal executive offices are located at 3<sup>rd</sup> Floor, Borough A, Block A. No. 181, South Taibai Road, Xi'an, Shaanxi Province, People's Republic of China 710065 and our telephone number is +86-29-88266368. Our website address is [www.cgagri.com](http://www.cgagri.com). The Company routinely posts important information on its website.

Our current corporate structure is set forth in the following diagram:



*Yuxing, Lishijie, Jinyanguang, Wangtian, Xindeguo, Xinyulei, Xiangrong and Fengnong may also collectively be referred to as "the VIE Companies"; Lishijie, Jinyanguang, Wangtian, Xindeguo, Xinyulei, Xiangrong and Fengnong may also collectively be referred to as the "sales VIEs"*

## Industry Analysis

### *Fertilizer Market in China*

Influenced by the sluggish demand in domestic and international fertilizer markets, China's fertilizer market is in a downturn during this fiscal year. In terms of production, the growth of fertilizer output remained limited during the fiscal year. Meanwhile, large inventories of fertilizer placed downward pressure on prices. Market prices of the raw material were volatile; the price of fertilizer is uncertain and can be hard to increase. In terms of domestic consumption, though grain prices increased to some extent, the domestic consumption capacity is limited; as for export, international markets are depressed continuously, resulting from the declines in export prices. During this fiscal year, the fertilizer industry was in a downward trend as profits are compressed again and the losses of enterprises are enlarged. Under the pressure of sluggish growth in the fertilizer market, industrial restructuring, merger and reorganization activity in the industry increased, reducing the number of enterprises in the market. At the same time, the production equipment and technological level was largely improved: coal-water slurry gasification technology, powdered coal pressure gasification technology, large sulfur-based compound fertilizer technology and beneficiation technology of mid-low-grade phosphate were widely used, while new fertilizer products such as slow controlled release fertilizer and microbial fertilizer have been rapidly developed and resulted in significant market expansion. In the last few years, as the growth of China's economy has gradually slowed down and the risk of economic downturn therefore exists, the government has adopted various measures to maintain the growth and the Company needs structural adjustment and growth pattern transformation.

On the one hand, government's support to agricultural production includes intensive agricultural investment, subsidies and minimum purchasing price increases for farm products. China has seen another bumper year of grain production, while increased fertilizer consumption remains highly uncertain. The country has achieved consecutive years of rising grain harvests since the founding of the People's Republic of China in 1949. As the concentration of the fertilizer industry is steadily improving, the influence on market from key enterprises have increased, which appeared to help to ease the weakened market volatility. On the other hand, the current oversupply problem is difficult to relieve. Mechanisms of price reform for raw materials (such as coal, natural gas, sulfur phosphate ore, etc.) are accelerating, which caused pressure on production costs. A stricter export tariff policy is expected to last indefinitely, and the external economic situation may limit the operation and expansion of fertilizer enterprises in international markets.

The interaction of the above factors complicated the situation in fertilizer markets since 2017. The overall growth rate of this industry has continually slowed down, and the market has fluctuated violently. The transformation for China's fertilizer industry from quantitative growth pattern to qualitative growth pattern is irreversible. The centralization of production, high-end oriented product, service-oriented marketing and market-oriented raw materials dominated the developments in the fertilizer market.

Additionally, government support for the agriculture industry in China can act as an additional boost to the fertilizer industry in China. However, we anticipate organic fertilizers will become an emerging segment in the coming years, given the additional subsidies for farming, elimination of certain land taxes, and land reform initiatives to be implemented by the PRC government to promote the growing of organic produce. We believe the demand for fertilizer will continue to grow because of increase in food demand, decrease in arable land and reduction of crop yields. The demand for fertilizers nationwide is continuously expected to increase by millions of tons of nutrient, with an expected compound annual growth rate of 7.7% from 2016 to 2022.

### *Organic versus Chemical Fertilizers*

In general, fertilizer products are categorized into organic and chemical fertilizers. Organic fertilizers can be natural or developed artificially. Natural organic fertilizers include manure, slurry, worm castings, peat, seaweed, humic acid, brassin and guano. Artificial organic fertilizers include compost, blood meal, bone meal, humic acid, and are typically supplemented with other nutrient ingredients. Chemical fertilizers normally are composed of synthetic chemicals such as phosphate and potassium compounds. The primary difference between organic fertilizers and chemical fertilizers is in the sourcing process of ingredients, as the nutrient contents are largely the same.

Over the past 20 years, the use of chemical fertilizers in China substantially increased, but years of use created unintended consequences for the agriculture industry—agricultural products gradually lack certain minerals, since chemical fertilizers applied fell short of natural minerals which made soil infertile.

In addition, heavy use of chemical fertilizers can create "fertilizer burn," the over-fertilization of a single nutrient such as nitrogen, which can dry roots and suspend crop growth due to the upset of balance in compound salts and soil acidification. Another drawback caused by chemical fertilizers is that soil is easily depleted by irrigation, rainfall and flooding. In addition, the production of chemical fertilizers consumes a great deal of natural resources. For example, the production of synthetic ammonia, a common chemical fertilizer, comprises about 5% of the world's natural gas consumption.

Organic fertilizers, on the other hand, improve the biodiversity and long-term productivity of soil. Organic nutrients increase the abundance of soil organisms by providing organic micronutrients. Unlike chemical fertilizers, organic fertilizer nutrients are diluted with better solubility. It requires less application on soil to reach the same result as of chemical fertilizers, which maintains soil fertility and avoid the runoff caused by components like soluble nitrogen and phosphorus. However, the composition of organic fertilizer is more complex and costly than chemical products. As an alternative to pure chemical fertilizer use, farmers can also use inorganic fertilizer supplemented with a small portion of organic fertilizers.

Since the 1980s, China has intensified the use of chemical fertilizers to increase crop yields. While the increase in crop yield slowed down in recent years, the overuse of chemical fertilizers also caused many environmental issues ranging from water pollution to soil damage. As a result, the PRC government has been promoting the use of environmentally friendly green fertilizers, such as humic acid-based organic compound fertilizers and mixed organic-inorganic compound fertilizers, because they provide crops with incremental yield by adding various nutrients essential to soil. Although being relatively new to farmers, the demand for these green fertilizers is increasing and we expect this trend to continue in the coming years. Although we expanded business among other Asian and Southeast Asian countries, the PRC remained our principal market for organic compound fertilizers and related agricultural products.

### *The “Green Food” Industry in the PRC*

The rise of the PRC industry for food free from pollutants or harmful chemicals, or “green food,” raises the demand for organic fertilizers. “Green Food,” the certificate for agricultural products promoted by the Chinese Government, is positioned between ordinary agricultural food from common farming practice and organic food and has two levels: “AA Green Food” and “A Green Food”. The “AA Green Food” standard indicates products that are equal to those of organic agriculture. Since the market for organic agricultural products in China has huge potential, it is forecasted that the increase of organic agricultural products consumption in China will exceed that of the average organic agricultural products consumption in the world in the next few years. The market for Chinese organic agricultural products reached USD 5 billion in 2015, with an incremental 20 percent increase year over year during the following years.

With the rapid development of the organic food industry in China, an increasing number of companies have been entering into the green food sector to utilize market opportunities. In 1990, the PRC Ministry of Agriculture began to promote the production of green food. In 1992, the PRC Ministry of Agriculture established the China Green Food Development Center (CGFDC) to supervise the development and management of green food at the national and provincial levels in the PRC. In 1993, the PRC Ministry of Agriculture established regulations for green food labeling; in 1996, a trademark for green food was registered and put into use in the PRC.

Crops grown with the use of our products are qualified for the “AA Green Food” certificate. As noted above, the “AA” rating indicates that the crops contain minimal chemical residue from fertilizers. Although our products are not qualified for the “AA Green Food” certificate, they are (except for the products from Gufeng) certified as “Green Food Production Material” by the CGFDC.

According to the statistics from the CGFDC, China’s annual output of green food reached 15 million tons in 2008. However, the domestic consumption level remains relatively low, comprising approximately 3% of the market share of food commodities. The low consumption level is primarily due to: (i) small scale of production of green food; (ii) lack of consumer awareness of green food and (iii) the presence of counterfeit green food products that adversely affect consumers’ perception of green food.

As described by the CGFDC, the development strategies for China’s green food industry are as follows: first, maintain high quality standards and focus on developing key products; second, promote and facilitate the industrialization of green food; third, implement an integrated development strategy emphasizing producers, production base and farmers; fourth, accelerate the pace of development with the aid of the government; and fifth, to carry out an international development strategy aimed at promoting exports.

According to the Investment and Forecast Report on China Green Food Industry 2012-2016 by Research in China, a Chinese market research company, the green food industry is a high growth industry with significant investment potential. According to the report, leading green food producers will experience huge growth when they achieve national and provincial agricultural industrialization with the support of favorable government policies and tax incentives.

### **Growth Strategy**

We believe that our increased production capacity and our research and development capability, along with the new sales segment, positions us to benefit from the anticipated growth of the PRC fertilizer market. We expect to expand sales and grow revenues through the following strategies:

*Expand Capacity and Diversify Product Offerings.* Our current annual fertilizer production capacity is 555,000 metric tons and our production portfolio of fertilizers includes 730 products. In the future, we will expand our existing production lines, develop new products and acquire certain PRC fertilizer manufacturers that complement our product lines.

*Capitalize on Synergies Created by Research and Development Efforts.* Regarding the construction of Yuxing’s research and development center, we have established 98 sunlight greenhouses and six “intelligent” greenhouses. We expect the Yuxing facility to help us shorten the fertilizer market cycle by providing an advanced testing field for new products which are manufactured by Jinong. In addition, by making efforts in research and development, we expect to simultaneously facilitate the production of superior agricultural products, such as flower bulbs, flowers, fruits and vegetables, which would eventually increase revenues.

*Develop new advanced highly efficient fertilizers.* The new fertilizer products represented by slow controlled-release fertilizer, microbial fertilizer and others, are developed rapidly with high market expansion. Gufeng has signed a cooperation agreement with Anhui Diyuan Biological Technology Co., LTD (“Anhui Diyuan”) to produce the “Tianjuyuan” controlled-release fertilizer. The objective is to provide Gufeng with fertilizer agent supplied by Anhui Diyuan to improve the control release effectiveness when producing controlled-release compound fertilizers. In the agreement, Chinese Academy of Sciences (“CAS”) and Anhui Diyuan authorized Gufeng to refer to CAS and Anhui Diyuan’s name in marketing related fertilizer products. We expect that Gufeng’s controlled-release compound fertilizer will have an advantageous position in the market.

*Develop proprietary sales segment.* Our business started and was rooted in fertilizer production. Since 2016, we added a new business segment, the sales of fertilizer and other agriculture material products, to the existing manufacturing segments. We believe adding this sales segment will be beneficial to our manufacturing segments: this sales segment can provide supplemental revenue and earnings by covering more market areas, and selling more products produced by other manufacturers in addition to our own products. In the downstream of fertilizer value lines, a sales segment can offset the impact on profitability when the demand for our produced fertilizer is softened; it also can mitigate the counterparty risk for manufacturers when the creditworthiness of a manufacturer’s distributor is weakened. Thus, a sales segment is a natural hedge to manufacturing segments, as it improves product portfolio, customer base, and capital structure. We had been developing the sales segment mainly by acquiring the control of eight established VIE sales ventures to build this new segment rapidly.

## **Products**

Our principal products are our own fertilizers, which consist of liquid, granular and powdered fertilizers and various kinds of compound fertilizers developed to increase crop yields. We can manufacture 730 fertilizer products from humic acid-based fertilizers to compound fertilizers. In Yuxing, we produce high quality agricultural products such as fruits, vegetables and flowers for commercial sale. In our sales segment, we sell various products such as fertilizers, pesticides, and seeds. These products are either manufactured by us or by other manufacturers.

### *Fertilizer Products*

Fertilizer manufacturing is our core business, which accounts for approximately 80.3% of total revenues. The self-manufactured fertilizers are produced and sold through Jinong, Gufeng, and sales VIEs. We believe that Jinong utilizes one of the most advanced automated humic acid production lines in China. Humic acid is a complex with natural, organic ingredients essential to make soil fertile. Humic acid-rich material, such as peat, lignite or weathered coal generating naturally from decomposed plant or animal remains, is one of the major organic constituents for soil composition. Humic acid exhibits a high capacity for cation exchange (a chemical process in which cations of like charge are exchanged equally between a solid and a solution), which serves to chelate plant nutrient elements and release them as the plant requires. The chelation process prevents leaching of nutrients by holding them in the soil solution. Moreover, humic acids can bind soil toxins along with plant nutrients, thereby strongly stabilizing soil. The regular use of humic acid organic liquid compound fertilizer can effectively reduce the use of chemical fertilizer, insecticide, herbicide and water. This mechanism contributes to environmental protection by preventing contamination of water sources caused by runoff.

In nature, humic acid improves soil structure and aeration, nutrient absorption and water retention. It also increases soil’s buffering capacity against fluctuations in PH levels, and reduces soil crusting and erosion from wind and water as well as radical toxic pollutants. Humic acid promotes the developing of root systems, seed germination and overall plant growth. It also enhances health, resilience and overall appearance of plants. We believe there is no synthetic material currently known to match humic acid’s effectiveness and versatility.

The pure humic acid used in our fertilizers is distilled and extracted from weathered coal by way of alkaline digestion and acid recrystallization. Our Jinong fertilizers are principally used as a foliar fertilizer (a liquid, water soluble fertilizer applied to a plant’s foliage by a fine spray, so the plant absorbs the nutrients through its leaves), through spraying directly on soil or injecting into the irrigation systems. Benefits of using our products are to stimulate the growth and yield of plants, protecting them from drought, disease and temperature damages while improving soil structure and fertility.

Gufeng and Tianjuyuan produce compound fertilizer, blended fertilizer, organic compound fertilizer, slow-release fertilizers, highly-concentrated water-soluble fertilizers and mixed organic-inorganic compound fertilizer. Gufeng sells its products under four brands: “KEBA”, “Mei Er An”, “Huang Cheng Gen” and “SPR HOP,” which are all registered trademarks in the PRC. Tianjuyuan’s products are marketed under the brands “AGR GFJ” and “T.J.Y.” which are both PRC registered trademarks.





We have a multi-tiered product line of 730 fertilizer products, covering humic acid-based compound fertilizer produced through Jinong, and organic/inorganic compound fertilizer through Gufeng.

During the fiscal years ended June 30, 2020, 2019, and 2018, we recorded \$200,185,739, \$237,212,740, and \$210,706,415, respectively, in gross revenues from sales of our fertilizer products, representing 80.3%, 80.6%, and 73.1% of our total revenues for such periods. Gufeng and Tianjuyuan manufacture a total of 334 fertilizer products. 51.1% of Gufeng's fertilizer revenue came from humic acid compound fertilizers and 48.9% from compound fertilizer for the fiscal year ended June 30, 2020.

#### *Agricultural Products*

Our subsidiary, Yuxing, one of Jinong's VIEs, produces top-grade fruits, vegetables, flowers and colored seedlings for commercial sale. The gross revenues from the sale of our agricultural products for the fiscal years ended June 30, 2020, 2019 and 2018, were \$9,227,113, \$10,101,051, and \$10,485,030, respectively, representing 3.7%, 3.4%, and 3.7% of our total revenues, respectively.

Yuxing was originally established to be the research and development base for humic acid fertilizers produced by Jinong. By simulating the growing conditions and cycles of various plants, such as flowers, vegetables and seedlings, Yuxing regularly conducts experimental testing to enhance the efficacy of our new fertilizers.

#### *Sales Products*

Our sales segment, consisting of seven sales VIEs we acquired control of since 2016, procure various agriculture materials that farmers need, such as, fertilizers, pesticides, seeds, mulches, and soil conditioners etc., from different manufacturers and wholesalers. In turn, they sell these materials to their customers: farmers, distributors, and other parties. The gross revenues from the sales segment for the fiscal years ended June 30, 2020 were \$63,390,760, representing 25.4% of our total revenues.

#### **Fertilizer Manufacturing Process**

Our production lines employ scientifically-designed production procedures and strict quality control systems to ensure high quality in our products. These production lines are fully automated and operated by a central control system with minimal manual input by technicians. The machinery and vats for the line are supplied by a local medical machinery manufacturer and the automatic control systems were developed by us. Our access management system protects the proprietary ingredient mixes from any unauthorized use at all time. Our computer server is connected to the electronic scales on each of the material input bins to ensure that the exact quantity of each element or ingredient is delivered correctly, thus maintaining product quality and reduce waste. Our production line producing liquid fertilizer and powered fertilizer is centrally controlled by a wireless panoramic audio and video monitoring system that allows connectivity with mobile terminals such as cell phones.

In Jinong, we operate a 6,495 square meters (69,911 square feet) facility that manufactures liquid fertilizer products and a 13,803-square meter (148,576 square feet) facility that produces liquid and highly concentrated (powdered) fertilizers. Jinong's total annual production capacity at these facilities is 55,000 metric tons.

In Gufeng and Tianjuyuan, we operate eight manufacturing facilities located in No. 6 Mafang Logistics Park, Pinggu, Beijing. These facilities produce various kinds of fertilizers and have a total annual production capacity of 500,000 metric tons.

The manufacturing techniques utilized by Gufeng include extruder granulation, rotary drum steam granulation, urea-based spraying granulation and resin-coated sustained release, which enable Gufeng to effectively meet the production requirements of all different compound fertilizers. To ensure high quality, Gufeng and Tianjuyuan employ strict quality controls from the raw materials purchases to the products sales to end users.

We produced and sold a total of approximately 428,629 metric tons of fertilizer products during the fiscal year ended June 30, 2020.

## **Raw Materials and Suppliers**

### *Fertilizer Products*

Among the three materials utilized to produce humic acid (weathered coal, lignite and peat), we have chosen weathered coal as a key raw material because it is abundant and economical for production. We have been sourcing the humic acid from different regions including Shaanxi and Shanxi provinces, and Inner Mongolia Autonomous Region.

In addition to weathered coal, we use approximately 50 different components in our production process, including elements such as sodium, calcium, zinc, iron and potassium, all of which can be readily obtained from local markets. We utilize spectral analysis technology to select raw materials with the best quality, and we have specially-trained buyers to ensure the consistency of raw materials procured.

The fertilizer products that Gufeng and Tianjuyuan manufacture incorporate over 50 different raw materials, including coal, sulfuric acid and NPK (nitrogen, phosphorus and potassium) related compounds such as amide and hydro nitrogen. Gufeng sources these supplies largely from neighboring provinces and regions, such as Hebei and Shaanxi provinces, and the Municipality of Beijing, for the economical transportation costs.

Our products are packaged in bottles, bags and boxes. Each type of packaging material, along with packaging labels, is readily available for purchase from manufacturers in Shaanxi, Beijing, Shandong and Zhejiang provinces.

### *Agricultural Products*

The plants that generate our top-grade flowers and multi-colored seedlings are mainly planted and cultivated in research and development facilities maintained by Yuxing. We purchase seeds of green vegetables and fruits from agricultural companies, such as RijkZwaan Company, which imports the seeds from foreign markets, including Holland. We cultivate our agricultural products by applying fertilizers produced by Jinong.

## **Inventory**

For our fertilizer products, our efficient production methods allow us to maintain appropriate inventory levels, which keep inventory costs reasonable. We purchase raw materials and packaging materials based on demands and business forecasts. Products, in various formulas and different batches, with customized volumes, are shipped to distributors and users after production in response to orders we receive.

For our agricultural products, we maintain corresponding inventory to both the anticipated demand from customers and other needs, as we often use certain agricultural products to serve our product testing base for research and development purposes.

## **Seasonality**

The peak season to sell fertilizer products is from January through June. However, during the fiscal year ended June 30, 2020, Jinong did not experience significant seasonal variation with respect to its fertilizer sales since approximately 41.1% of its annual sales revenue occurred in the third fiscal quarter (winter) and the fourth fiscal quarter (spring). Usually, Gufeng's sales of compound fertilizer undergoes significant seasonal variation in China. Correspondingly, during the fiscal year ended June 30, 2020, Gufeng experienced seasonal variation. 67.7% of Gufeng's annual sales revenue occurred in the third fiscal quarter (winter) and the fourth fiscal quarter (spring).

The purchase of its raw material, basic fertilizers, is affected by the supply and demand in the fertilizer market with seasonality. Over non-peak sales season, when the raw material price is low and economical, Gufeng may choose to place larger orders for raw materials as its export business offsets the seasonality when exports are made to southern Asia, such as India, where the selling season corresponds to the non-peak season in China.

The peak selling season for our agricultural products is from October until March, namely our second fiscal quarter (fall) and the third fiscal quarter (winter). This is primarily due to the strong demand for high-end fruits and decorative flowers during the holiday seasons.

## Marketing, Distribution and Customers

### *Overview*

We currently market our own fertilizer products to private wholesalers and retailers of agricultural farm products in 22 provinces, 4 autonomous regions and 4 central government-controlled municipalities in China. For the fiscal year 2020, the following five PRC provinces collectively accounted for 71.9% of our fertilizer manufacturing revenue: Hebei (35.7%), Heilongjiang (12.9%), Liaoning (10.7%), Inner Mongolia (9.8%) and Shaanxi (2.8%). We believe this geographically diverse distribution helps us to become a leader in the compound fertilizer market as compared to regional competitors because we are not heavily dependent on any single geographic area for sales and are able to raise our brand and product awareness nationwide. We also manufacture our fertilizer products for export through contracted distributors in foreign countries, including India and Africa. Total revenues from exported products accounted for approximately 0.1% of our total fertilizer revenues in fiscal 2020.

Our agricultural products are distributed through various channels in Shaanxi Province and other provinces. Decorative flowers are usually sold through our fertilizer distributors to end-users such as flower shops, luxury hotels and government agencies. Fruits and vegetables are sold to high-end supermarkets and upscale restaurants. Seedlings are sold primarily to departments of city planning.

A multi-tiered product strategy allows us to tailor our fertilizer products to the needs and preferences of the various geographic regions in China. Our fertilizers can be tailored to different crops grown in varying climate and soil conditions. For example, climate and rainfall conditions in Southern and Eastern China allow farmers to grow high margin crops such as fruit and seasonal vegetables. As a result, these farmers are willing to invest in expensive and specialized fertilizers. In contrast, we market low-cost fertilizers to farmers in the Northwest areas of China due to the inclement weather.

Our research and development capabilities allow us to tailor products to meet specific farming needs in considering different factors such as crops species, humidity, weather and soil conditions.

The sales segment utilizes each sales VIE's distribution network to deliver various agriculture materials from upstream providers such as manufacturers and wholesalers to downstream users and retailers. We aim to expand the sales VIEs network and integrate them together to better meet customer's demands with improved distribution efficiencies.

### *Marketing*

Our marketing staff is trained to closely work with distributors and customers, including retailers and farmers, providing professional advice on customizing our products to customer needs and offering agricultural knowledge and other extensive customer support. In addition, our employees educate and communicate with distributors and customers by regularly organizing training courses on new agricultural techniques.

Compared with industry norms, we believe our product development cycle of three to nine months is relatively short. Through our regular collection of market data, including growth records of a variety of plants cultivated in different soil and climate conditions, together with feedbacks from our end-users, we can conduct nationwide market analysis, ascertain new product needs, estimate demand and customer demographics and develop new products tailored to current market needs.

Although we utilize television advertisements and mass media, most of our marketing efforts are conducted through joint activities with distributors. Our sales and marketing staff works with and trains distributors and retail clients through lectures and interactive meetings. We emphasize the technological components of our products to end-users to help them understand the differences in products and how to effectively use them. Word-of-mouth advertising and sample trials of new products in new areas are also essential components of our marketing efforts. In addition, we have established nationwide telephone hotlines to answer questions and have constructed an SMS text message platform to allow real-time interaction with customers.

Our best-selling self-manufactured fertilizers, based on revenues for the fiscal year ended June 30, 2020, are listed below:

Ranking	Product Names	Volume (Tons)	Revenues (USD)	Percent of Fertilizer Sales
1	Organic/Inorganic Compound Fertilizer (humic acid) NPK46%	162,910	58,613,172	29.3%
2	Compound Fertilizer NPK40%	168,835	54,009,670	27.0%
3	Jinong FHF Fertilizer (humic acid)	46,076	9,040,780	4.5%
4	Jinong Guangpu Fertilizer (humic acid)	977	2,756,754	1.4%
5	Jinong HXSGJ Fertilizer (humic acid)	2,006	2,344,011	1.2%

#### *COVID-19 Update*

In the fiscal year 2020, the novel coronavirus (“COVID-19”) spread rapidly across the world in the first half year of 2020 and was declared a pandemic by the World Health Organization. The COVID-19 pandemic impacted our business operations, including our employees, customers, partners, and communities. The government and private sector responses to contain its spread began to significantly affect our operating businesses in February and March and adversely affected nearly all our operations in the second quarter, although such effects may vary significantly. The duration and extent of the effects over longer terms cannot be reasonably estimated at this time. The risks and uncertainties resulting from the pandemic that may affect our future earnings, cash flows and financial condition include the closure of our various office buildings and facilities and the long-term effect on the demand for our products and services. Accordingly, significant estimates used in the preparation of our financial statements including the evaluations of bad debt expense. More information concerning the effects of COVID-19 is included in Note 20.

#### *Fertilizer Products*

The fertilizer product market in China is highly fragmented. Our primary sales strategy is to establish contractual relationships with qualified distributors throughout the country, who, in turn, will distribute our products to wholesalers and retailers, and ultimately, the farmers.

As of June 30, 2020, we sold our products through a nationwide constructed network of about 1,823 distributors covering 22 provinces, 4 autonomous regions and 4 central government-controlled municipalities in China.

The distributors sell our products to the smaller, local wholesale and retail outlets who then sell to the end-users, typically farmers. We do not grant provincial or regional exclusivity because there is currently no single distributor sufficiently dominant to warrant exclusivity. We enter into non-exclusive written distribution agreements with chosen distributors that demonstrate their ability in regional sales networks. The distribution agreements do not dictate distribution quantity because changes in weather and local market could dramatically affect sales quotas.

For the fiscal year ended June 30, 2020, sales of our self-manufactured products to our top five distributors accounted for approximately 49.1% of our revenues. As we do not depend on specific customers, we believe that the loss of single customers would not have any significant effect on our business.

#### *Agricultural Products*

We distribute our agricultural products through several networks depending on the type of product. Our top-grade flowers are mainly distributed through our fertilizer distribution network; our green vegetables and fruits are mainly distributed to a variety of wholesale markets and supermarkets in Xi’an, while our multi-colored seedlings are distributed to the seedling centers and planting companies in China with which we have had long-term cooperation.

#### *Retail Stores and Authorized Retailers*

We have successfully implemented two marketing programs in Shaanxi, Hebei, Anhui, Jiangsu and Guangzhou provinces. These marketing programs consist of: (i) establishment of Company directly-owned retail stores to sell fertilizer products produced by Jinong and Gufeng through the designated sales personnel (the “Pilot Program”) and (ii) selection of qualified retailers from the Company’s distributor base to be designated as authorized retailers. With the Pilot Program, we have worked closely with our distributors, with each distributor’s outlet having an assigned territory in order not to compete with other existing distributors. We have entered into agreements with these retailers on their exhibits, and have well-positioned standardized shelf and product displays in their retail stores. In addition, we provide the retailers with educational materials on proper product use and billboard ads with our product logo to attract target farmers.

#### *Sales Segment*

Strategically, supplemental to our manufacturing business, we added a new business segment, the sales of fertilizer and other agriculture material products, to our business since 2016. The sales segment had provided supplemental revenue and earnings by covering more market areas, and selling more products not only produced by ourselves but also by other manufacturers. We had been developing the sales segment mainly by acquiring control of established sales ventures and continue to grow them. The sales segment utilizes the distribution network acquired from the sales ventures to deliver various agriculture materials. For the fiscal year ended June 30, 2020, the sales segment sold \$63,390,760 of agriculture materials, and accounted for 25.4% of our revenues.

## Research and Development

We conduct the bulk of our research and development activities through Yuxing. Through Yuxing, we cultivate high-quality flowers, green vegetables and fruits in our own greenhouses and sell them to various end-users, including airlines, hotels and restaurants. Yuxing operates advanced research and development facilities that: (i) provide testing and an experimental data collection base for new fertilizers produced by Jinong by simulating the growing conditions and development stages of a variety of plants, such as flowers, vegetables and seedlings, and (ii) increase our capability to produce more products while shortening the new product development cycle, which allows us to release products to market quickly, thus increasing revenues and market share. In addition, our research and development capabilities allow us to develop products tailored to specific farming needs generated by different crop species, humidity, weather and soil conditions. Flowers, fruits and vegetables grown from experimental testing of Jinong's humic acid compound fertilizers are of high quality and are sold to local supermarkets and airline companies.

The capital expenditure and other payments on Yuxing's construction, net of accumulated depreciation, were approximately \$8,414,911, \$9,624,639 and \$11,031,011 during the fiscal years ending of June 30, 2020, 2019 and 2018, respectively. The research and development center helps expand our output of high-quality agricultural products for commercial sale while providing an advanced testing field for new products. The facility at Yuxing enhances our capability to produce more products while shortening the development cycle, thus increasing revenues and market share. In addition to developing new humic acid-based fertilizer products, we plan to develop other agricultural derivatives such as humic-acid based organic pesticides, which can provide additional revenue sources. For the fiscal year ended June 30, 2020, we sold approximately \$9,227,113 of these agricultural products.

	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY 2018</b>
Machines, Buildings and Equipment	\$ 8,355,336	\$ 9,563,328	\$ 10,967,437
Construction in Progress	\$ 59,575	\$ 61,301	\$ 63,574
<b>Total</b>	<b>\$ 8,414,911</b>	<b>\$ 9,624,639</b>	<b>\$ 11,031,011</b>

### New Products

With our research and development capabilities, we have developed 730 products and continue to develop new products. During the fiscal year ended June 30, 2020, we developed one new product of liquid fertilizers.

In addition to developing new fertilizer products, we also developed soilless seeding and breeding of colored-leaf plants, rare flowers and new species of fruits and vegetables.

### Intellectual Property

We hold the following trademarks registered with the PRC Trademark Offices of National Industrial and Commerce Administrative Bureau (the "PRC Trademark Offices"):

<b>Trademark</b>	<b>Registration Number</b>	<b>Valid term</b>
Huang Cheng Gen	No.5219720	June 28, 2019 to June 27, 2029
Mei Er An	No.1508004	January 21, 2011 to January 20, 2021
KEBA	No.10045980	December 07, 2012 to December 06, 2022
KEBA	No.10046405	December 14, 2012 to December 13, 2022
KEBA	No.10045898	March 07, 2013 to March 06, 2023
KEBA	No.10046344	March 07, 2013 to March 06, 2013
AGR GFJ	No.3320281	May 28, 2014 to May 27, 2024
SPR HOP	No.3320282	May 28, 2014 to May 27, 2024
T.J.Y	No.3320283	May 28, 2014 to May 27, 2024
KEBA	No.760379	August 14, 2005 to August 13, 2025

A registered trademark is protected in China for a term of 10 years, and is renewable for another 10-year term under the PRC trademark law, if the renewal application is submitted to the PRC Trademark Offices within 6 months prior to the expiration of the previous term.

Listed below are Jinong’s four patents for a fertilizer formulation and a proprietary production line and manufacturing processes.

<b>Patent/Pending Patent Application</b>	<b>Type of Patent</b>	<b>Patent No. /Application No.</b>	<b>Inventor’s Name and Patent Holder</b>	<b>Date of Application</b>	<b>Date of Publication and Term</b>
Patent: Method and recipe of the water soluble humic acid fertilizers	Utility Model Patent	Application No.: ZL200710017334.x	Applicant: Jinong	February 1, 2007	November 24, 2010; 20 years
Patent: Production method of Organic Fertilizer	Utility Model Patent	Application No.: ZL201110282544.8	Applicant: Jinong	September 22, 2011	December 4, 2013; 20 years
Patent: Method and recipe of the water-soluble high concentration humic acid fertilizers	Utility Model Patent	Application No.: ZL201310357167.9	Applicant: Jinong	August 15, 2013	February 11, 2015; 20 years
Patent: Production method of Multifunctional liquid calcium fertilizer	Utility Model Patent	Application No.: NL 201410020442.2	Applicant: Jinong	January 17, 2014	April 08, 2015; 20 Years

The PRC Patent Law was adopted by the PRC National People’s Congress in 1984 and was subsequently amended in 1992 and 2000. Under the PRC Patent Law, an invention patent is valid for a term of 20 years and a utility or design patent is valid for a term of 10 years. Both of our registered patents are utility patents. Any use of our patent without consent or a proper license from us constitutes an infringement of patent rights.

In addition to trademark and patent protection in China, we also rely on contractual confidentiality provisions to protect our brand and intellectual property rights. To safeguard these rights our research and development personnel and executive officers are subject to confidentiality agreements. They are also subject to a non-competition covenant following the termination of employment. They also agree that all work products belong to us. Moreover, we take steps to limit the number of personnel involved in the production process and, instead of disclosing fertilizer ingredients to employees, we refer to the ingredients by numbers.

### **Competitive Strengths**

We believe our products possess the following competitive advantages which enable us to compete in the PRC fertilizer market.

*Nation-wide sales network.* In the highly fragmented Chinese fertilizer market, we have established our own distribution channels with private distributors that sell our products to retail stores and farmers throughout China. We have over 1,823 distributors nationwide across 22 provinces, 4 autonomous regions and 4 central government-controlled municipalities in China. Most of our competitors do not have a sales team as large as ours that specializes in the sale of compound fertilizer products. Moreover, we believe the regional strengths of Gufeng’s distribution network have expanded and will continue to expand our sales coverage to certain cities and counties as well as foreign markets.



*Strong Research and Development.* Our research and development are managed effectively. Typically, it takes only three to nine months from the decision to develop a new product to mass production, which ensures product flow and helps to maintain market share. Our strong research and development department is based on our intelligent greenhouse facilities. The advanced equipment and soil-free techniques in such facilities simulate the natural environment in different areas and control selected factors. Since most of Jinong's experimental work is conducted in Yuxing's greenhouse facilities, thereby speeding up development cycles, we can reduce costs without sacrificing accurate results. During the fiscal year ended June 30, 2020, we generated approximately \$9,227,113 revenue from sales of Yuxing's agricultural products, and we anticipate that this source of revenue will grow in the future. We have built 98 sunlight greenhouses and six intelligent greenhouses on an 88-acre parcel of land relating to Yuxing's pending research and development center, which expands output of high-quality agricultural products for commercial sale while providing an advanced testing field for new products.

Gufeng and Tianjuyuan have developed seven technologies:

- (1) Drying fan for urea-based compound fertilizer;
- (2) Heat balance control system for flexible compound fertilizer;
- (3) Automatic control system for the anti-block of compound fertilizer;
- (4) Water control technology for low nitrogen, low potassium and high phosphorus compound fertilizer;
- (5) Manufacturing technology for salt-alkaline resistance and soil improvement of compound fertilizer (The company won the third prize for "Progress in Science and Technology in Pinggu District Beijing" with this technology);
- (6) Manufacturing technology for compound HA fertilizer with high density (NPK  $\geq$  51%); and
- (7) Manufacturing technology for the sustained release of blending and compound fertilizer.

While we believe our greenhouse facilities provide us with a competitive advantage over the competitors, some of them may still have better understanding in certain local markets where they have successfully marketed products over a period of time and have developed specifically formulated fertilizers for local plants, soil and climate conditions. To enhance our competitiveness, we will seek to diversify our fertilizers to benefit a wider range of plants and soil conditions.

*Well-known Brands.* We believe customers have strong brand recognition and make purchase decisions accordingly. "Jinong", "KEBA" and "T.J.Y." are registered trademarks and are well recognized by end users; in addition, certain large national fertilizer traders, such as Sinoagri Holding Company Limited, one of the largest domestic fertilizer traders in China, had strong brand preference for Gufeng's fertilizer products. Gufeng sells its products under four brands, namely "KEBA", "Mei Er An", "Huangchenggen" and "SPR HOP". Tianjuyuan's products are marketed under the brands "AGR GFJ" and "T.J.Y." The primary products sold under the Gufeng and Tianjuyuan brands include organic/inorganic compound fertilizer (humic acid) with NPK  $\geq$  40%, and organic /inorganic compound fertilizer (humic acid) with NPK  $\geq$  48%.

*Automated Production Line and Process.* All Jinong's major production procedures are controlled by a centralized computer system only accessible by authorized personnel. Jinong's production lines are fully automated to ensure that content in each product is measured exactly according to its recipe by linking the computer server with the electronic weights on each material input bin. In addition, spectral analysis is used to accurately check the composition of materials. During the fiscal year 2020, Jinong's highly advanced production lines can manufacture a multi-tiered line of 145 fertilizer products, and we believe that Jinong's production lines are among the few advanced lines in the Chinese industry. As mentioned above, we have patent protection for Jinong's two proprietary production lines, one of which has medical grade production equipment with precise quality control, and the other can produce liquid, powder and granular fertilizers. We currently have an annual production capacity of 555,000 metric tons.

## Competition

### *Fertilizer Products*

Based on our internal estimates, there are approximately 2,000 organic fertilizer manufacturers in China, with no discernible market leaders in the sector. We believe our competitors are currently comprised of approximately 90% small-sized local manufacturers and 10% large national manufacturers. We believe we are among the large national fertilizer manufacturers.

Gufeng's primary competitor is Stanley Fertilizer Co., Ltd. ("Stanley"), a compound fertilizer manufacturer based in Linyi, Shandong Province, which was listed on Shenzhen Stock Exchange (China) in June 2011. Stanley manufactures various kinds of compound fertilizers and tailored fertilizers which directly compete with Gufeng.

The smaller competitors are generally producers of amino acid compound fertilizers, which are very price competitive.

However, lacking adequate quality or process control technologies, these companies often sell products with inconsistent quality.

The Chinese fertilizer market has been fully opened to foreign companies since China's entry into the World Trade Organization in December 2006. Accordingly, the PRC government has increased its fertilizer import quota and, since January 2007, has reduced the import tariffs on foreign fertilizer to 1%. However, foreign fertilizers are generally more expensive than PRC manufactured fertilizers and are not customized to soil conditions influenced by China's diverse climate and terrains.

### *Agricultural Products*

The competitive market of our agriculture products varies among our three main products: Top-grade flowers, green vegetables and fruits, multi-colored seedlings.

*Top-grade Flowers:* The growers in the flowers and flower seedlings businesses are largely locally based. We believe that our flower products have comparative advantages in terms of the advanced technologies we apply, the superior species of the seedlings we select and the efficiency and stability due to strict quality control. In addition, our greenhouse facilities enable us to produce flower seedlings year-round.

*Green Vegetables and Fruits:* Our competitors are primarily the vegetable planting centers and planters in Shaanxi, Shandong and Gansu provinces that produce vegetables such as cucumbers and peppers. With the aid from our green fertilizers that improve soil conditions and limit bacterial growth, our competitive advantage lies in the advanced greenhouse facilities which contribute to the pollution-free end products.

*Multi-colored Seedlings:* In the market of Multi-colored seedlings, one of our competitors is Kunming Anthura Horticulture Co., Ltd. Some of our products, such as red photiniaserrulata, are also imported from other countries with high survival rates.

### Government Regulation

Our business operations are subject to various laws, including environmental, health and workplace safety laws issued by governmental agencies on the provincial and state levels. Business and company registrations, along with the products, are monitored through the issuance of licenses and certificates including the following:

*"Green" Certification.* Except for those manufactured by Gufeng and Tianjuyuan, all our fertilizer products are certified by the CGFDC as "Green Food Production Material". Currently, the CGFDC provides two different certifications within the green food industry: "Green Food Certification" granted to edible foods, and "Green Food Production Material Certification" granted to production materials such as our fertilizers. A "Green Food Production Material Certification" was issued to Jinong in March 2015 and renewed in 2018. The certificate is renewable with an application within 90 days prior to the expiration.

*Operating license.* Our operating license enables us to (1) undertake research and development, production, sales and services of humic-acid liquid fertilizer, (2) sell pesticides, and (3) export and import products, technology and equipment. Jinong's license (Registration No. 610000100003655) is valid until August 8, 2057, and the license is renewable. Gufeng and Tianjuyuan maintain valid operating licenses with expiration dates of August 1, 2043 (for the license with Registration No. 110000008250498) and August 7, 2021 (for the license with Registration No.110117003157142), respectively.

*Fertilizer Registration.* Fertilizer registration is issued by the Ministry of Agriculture of the PRC and is required for producing fertilizers. There are two kinds of registrations: interim registration and formal registration. The interim registration is valid for one year and applies to fertilizers in the

stages of in-the-field testing and test selling; fertilizers that have completed in-the-field testing and test selling must obtain formal registration, which, if granted, is valid for five years, and thereafter must be renewed every five years. Jinong currently holds 16 formal fertilizer registration certificates. Gufeng and Tianjuyuan hold 11 interim fertilizer certificates and 259 formal certificates.

As of the date of this Report, we believe we are in material compliance with all registrations and requirements for the issuance and maintenance of all licenses required to conduct our businesses and operations.

## Item 1A. Risk Factors

*Investing in our securities involves risk. Before making an investment decision, you should carefully consider the following information about these risks, together with the other information contained in this Report. Our business, results of operations or financial condition could be adversely affected by any of these risks, which could result in a decline in the market price of our securities, causing you to lose all or part of your investment.*

### Risks Related to Our Business

*The industry in which we do business is highly fragmented and competitive and we face competition from numerous fertilizer manufacturers in China and elsewhere.*

We compete with numerous local Chinese fertilizer manufacturers. Although we may have greater resources than many of our competitors, most of which are small local fertilizer companies, it is possible that these competitors have better access in certain local markets, an enhanced ability to customize products to certain regions and better established local distribution channels. We also compete with large national competitors in the PRC. Although we have advanced automated humic acid-based fertilizer production lines and greenhouse supported research and development centers, we cannot assure that such large competitors will not develop their own similar production or research and development facilities. Further, China's access into the World Trade Organization has led to increased foreign competition for us. International producers and traders import products into China that generally are of higher quality than those produced by the local Chinese manufacturers. If they are localized and become familiar with fertilizers we produce, we may face additional competition. If we are not successful in our research, development and production of new products and/or in our marketing and advertising efforts to increase awareness of our brands, our revenues could decline, which might have a material adverse effect on our business, financial condition, results of operations and share price.

Our major competitors may be able to endure downturns in our industrial sector more than we are. When facing reduced demand for our products, we can either choose to maintain market share by reducing selling prices to meet competition, or to maintain the prices while sacrificing a portion of market share. Our overall profitability likely would be reduced in either case. In addition, we cannot assure you that additional competitors will not enter our existing markets, or that we will be able to compete successfully against existing or new competitors.

*If we are unable to design, manufacture, and market fertilizer products in a timely and efficient manner, we may not remain as competitive.*

Many of our fertilizer products are characterized by short product development cycles as they target the unique climate and soil conditions where our customers are located. Accordingly, we devote a substantial amount of resources to product development. To compete successfully, we must develop new and/or improved fertilizer products that cater to customer needs. New fertilizers may not be easily developed. As a result, we may experience performance difficulties, which may result in delays, setbacks and cost overruns. Our inability to develop and offer new and/or improved fertilizer products or to achieve customer acceptance of these products could limit our ability to compete in the market or to grow revenues at a desired rate.

*Our proprietary fertilizer formula may become obsolete or be unintentionally disclosed to competitors, which could materially adversely affect the competitiveness of our future fertilizer products.*

Our proprietary fertilizer formula is the base for producing our fertilizer. Our future success will depend upon our ability to address the increasingly sophisticated needs of our customers by supplying existing humic acid fertilizer products and by developing new products on a timely basis that keep pace with the evolving industry standards and changing customer requests. If our proprietary formula becomes obsolete because our competitors develop better products, our future business and financial results could be adversely affected. In addition, although we have entered into confidentiality agreements with key employees, we cannot assure that if there is a breach of such agreement by an employee, we would not lose any competitive advantage that we currently have with respect to our proprietary fertilizer formula. If we are forced to take legal action to protect our proprietary formula, we will incur significant expense, and a favorable outcome cannot be guaranteed.

*If our warehouse selling and credit sales of certain fertilizer products continue to increase and we fail to collect the accounts receivables that are due in a timely manner, our financial condition and results of operation may be materially adversely affected.*

We had accounts receivable of \$105,693,326 as of June 30, 2020, as compared to \$145,190,160 and \$174,460,937 as of June 30, 2019 and 2018, respectively, decreases of \$39,496,834 and decreases of \$29,270,777, or 27.2% and 16.8% year over year. The decreases were primarily due to higher allowance for bad debts. The impact of COVID-19 caused some difficulty in accounts receivable collection, resulting in the increase of our allowance for bad debts.

We offer a tentative credit period up to 180 days to our customers. Although we perform routine assessment of our customers' creditworthiness, evaluate the structure and collectability of accounts receivable and provide an allowance for doubtful accounts when necessary, we may not be able to receive or collect payment for our products on time or at all if our customers encounter difficulties in their businesses. Any such failure may have a material adverse impact on our financial condition and results of operation.

*Our concentration of customers could have a material adverse effect on us.*

Gufeng's top five distributors accounted for 82.1% of its revenues, with its largest distributor accounting for 17.7% of total revenues for the 2020 fiscal year. Jinong's top five distributors accounted for 3.4% of its fertilizer revenues for the fiscal year ended June 30, 2020. If those major customers reduce or discontinue their product purchases from us and we are unable to find their replacements, it will adversely affect our results of operations.

*If we fail to adequately protect or enforce our intellectual property rights, we may be exposed to intellectual property infringement and the value of our intellectual property rights could diminish.*

Our success, competitive position and future revenues will depend in part on our ability to obtain and maintain patent protection for our products, methods, processes and other technologies, to preserve our trade secrets, to prevent third parties from infringing on our proprietary rights and to operate without infringing the proprietary rights of third parties.

Jinong is the holder of four registered patents. The first patent is a fertilizer formulation named "Method and Recipe of the Water Soluble Humic Acid Fertilizers." The second patent, "Production Facility of Humic Acid Products," relates to our proprietary production line and manufacturing processes in the PRC. The third patent is "Production Method of Organic Fertilizer." The fourth patent is "Production method of Multifunctional liquid calcium fertilizer." Gufeng and Tianjuyuan do not have patents but currently possess seven proprietary technologies. However, we cannot predict the degree and range of protection patents and confidentiality agreements with respect to proprietary technologies will defend us against competitors. Third parties may find ways to invalidate or otherwise circumvent our patents and proprietary technologies. Third parties may attempt to obtain patents claiming aspects like our patent applications. We cannot assure you that our current or potential competitors do not have, and will not obtain, patents that will prevent, limit or interfere with our ability to make, use or sell our products in the PRC.

If we need to initiate litigation or administrative proceedings, such actions may be costly and may divert management attention as well as consume other resources which could otherwise have been devoted to our business. An adverse determination in any such litigation will impair our intellectual property rights and may harm our business, prospects and reputation. In addition, historically, implementation of PRC intellectual property-related laws has been lacking, primarily because of ambiguities in the PRC laws and difficulties in enforcement. Accordingly, intellectual property rights and confidentiality protections in China may not be as effective as those in the United States or other countries, which increases the risk that we may not be able to adequately protect our intellectual property. Moreover, litigation may be necessary in the future to enforce our intellectual property rights. Future litigation could result in substantial costs and diversion of our management's attention and resources, and could disrupt our business, as well as have a material adverse effect on our financial condition and results of operations. Given the relative unpredictability of China's legal system and potential difficulties enforcing court judgments in China, there is no guarantee that we would be able to halt any unauthorized use of our intellectual property through litigation.



*If we infringe on the intellectual property rights of third parties, we could be prevented from selling products, forced to pay damages and compelled to defend against claims by third parties, which, if successful, could cause us to pay significant damage awards and incur other costs.*

Our success also depends in large part on our ability to use and develop our technology and know-how without infringing the intellectual property rights of third parties. As litigation becomes more common in the PRC in resolving commercial disputes, we face a higher risk of being the subject of intellectual property infringement claims. The validity and scope of claims relating to humic acid fertilizer production technology and related devices and machine patents involve complex technical, legal and factual questions and analysis and, therefore, may be highly uncertain. Also, the defense and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings can be both costly and time consuming and may significantly divert the efforts and resources of our technical and management personnel. An adverse determination in any such litigation or proceedings to which we may become a party could subject us to significant liability, including damage awards to third parties, require us to seek licenses from third parties (which may not be available on commercially reasonable terms, if at all), to pay ongoing royalties, or to redesign our products or subject us to injunctions preventing the manufacture and sale of our products. Protracted litigation could also result in our customers or potential customers deferring or limiting their purchase or use of our products until resolution of such litigation.

*Disruptions in the supply of raw materials used in our products could cause us to be unable to meet customer demand in a timely manner, which could result in the loss of customers and net sales or could result in a lower profit margin for us.*

Jinong is supplied with approximately fifty different types of raw materials, of which weathered coal is the primary one as it is the raw material from which humic acid is extracted and applied to the manufacturing of our products. Although there are numerous weathered coal suppliers available in the market, we have been using Inner Mongolia Tianlibao Fertilizer Co., Ltd. (“Tianlibao”) as our main supplier of weathered coal because of the abundance and high quality of weathered coal in the Inner Mongolia Autonomous Region. Our supply agreement with Tianlibao is renewed monthly. If Tianlibao does not intend to renew the supply agreement with us for any reason, or if there are any business interruptions at Tianlibao and we are unable to locate an alternative supplier in a timely manner or on the same terms, we may not be able to meet customer demand for humic acid-based fertilizers in a timely manner or maintain our standards of quality for humic acid-based fertilizers during the transitional period, which may result in the loss of customers and net sales or we may not be able to keep our profit margin as before for our humic acid-based fertilizers.

Gufeng and Tianjuyuan are supplied with over fifty types of raw materials from a diversified pool of suppliers. Neither Gufeng nor Tianjuyuan are dependent on any single supplier for its raw materials; however, if we experience a significant increase in demand or if we need to replace any of these suppliers, we cannot be assured that the adequate supply of raw materials or a replacement supplier will be acquired in a timely manner to avoid any material adverse effect on our business operations and financial condition.

*Any significant fluctuation in our production costs may have a material adverse effect on our operating results.*

The prices for the raw materials and other inputs to manufacture our fertilizer products are subject to market forces largely beyond our control, including the price of weathered coal, energy costs, mineral and non-mineral elements, and freight costs. The costs for these inputs may fluctuate significantly based upon changes in the economy and markets. Although we may pass any increase of such costs to our customers, in the event we are unable to do so, we could incur significant losses and a diminution of our share price.

*We do not presently maintain business disruption insurance. Any disruption of the operations in our factories would damage our business.*

Our operations could be interrupted by fire, flood, earthquake and other events beyond our control for which we do not carry adequate insurance. While we have property damage insurance and automobile insurance, we do not carry business disruption insurance, which is not readily available in China. Any disruption of the operations in our factories would have a significant negative impact on our ability to manufacture and deliver products, which would cause a potential diminution in sales, the cancellation of orders, damage to our reputation and potential lawsuits.

*We do not presently maintain product liability insurance, and our property and equipment insurance does not cover the full value of our property and equipment, which leaves us with exposure in the event of loss or damage to our properties or claims filed against us.*

We currently do not carry any product liability or other similar insurance. We cannot assure that we would not face liability in the event of the failure of any of our products. We also cannot assure you that, especially as China’s domestic consumer economy and industrial economy continues to expand, product liability exposure and litigation will not become more commonplace in the PRC, or that we will not face product liability exposure or actual liability as we expand our sales into international markets where product liability claims could be more prevalent.

*The occurrence of any acts of God, war, terrorist attacks and other emergencies which are beyond our control may have a material adverse effect on our business operations and financial condition.*

Acts of God, war, terrorist attacks and other emergencies which are beyond our control may have a material adverse effect on the economy and infrastructure in the PRC and on the livelihood of the Chinese population. Our business operations and financial condition may be materially and adversely affected should such events occur. We cannot give assurance that any acts of God such as floods, earthquakes, drought or any war, terrorist attack or other hostilities in any part of the PRC or even the world, potential or threatened, will not, directly or indirectly, have a material adverse effect on our business, financial condition and operating results.

*If we cannot renew our fertilizer registration certificates, we will be unable to sell some or all our products. If we do not receive the formal fertilizer registration certificates for our new products, upon the expiration of the temporary registration certificates, we cannot continue to produce such new products.*

All fertilizers produced in China must be registered with the PRC Ministry of Agriculture. No fertilizer can be manufactured without such registration. There are two kinds of registrations: interim registration and formal registration. The interim registration is valid for one year and applies to fertilizers in the stages of in-the-field testing and test selling. Fertilizers that have completed in-the-field testing and test selling must obtain formal registration, which is valid for five years, and thereafter must be renewed each five years. Jinong has 16 formal registration certificates. Gufeng and Tianjuyuan have 19 interim fertilizer certificates and 259 formal certificates. We plan to apply for formal certificates for each of our interim certificates before the applicable expiration dates.

Our belief is that the PRC Ministry of Agriculture generally grants an application for renewal in the absence of illegal activity by the applicant. However, there is no assurance that the PRC Ministry of Agriculture will grant renewal of our formal Fertilizer Registration Certificates. If we cannot obtain the necessary renewal, we will not be able to manufacture and sell such fertilizer products without certificates, which will cause the termination of commercial operations for such fertilizer products. With respect to the transformation of the interim fertilizer registration certificates to formal fertilizer registration certificates, we believe that we can receive formal fertilizer registration certificates for our 19 interim fertilizer registration certificates in due course; however, if the government imposes additional burden on the application procedure or put temporary suspension on its certificate granting process due to any unexpected incidents in China, we cannot assure that our formal fertilizer registration certificates can be obtained without delay or can be obtained at all, in which case our production could be adversely affected.

*We may not possess all the licenses required to operate our business, or may fail to maintain the licenses we currently hold. This could subject us to fines and other penalties, which could have a material adverse effect on our results of operations.*

In addition to a fertilizer registration certificate, we are required to hold a variety of other permits, licenses and certificates to conduct our business in China. We may not possess or receive all the permits, licenses and certificates required for our business or for which application has been made. In addition, there may be circumstances under which the approvals, permits, licenses or certificates granted by the governmental agencies are subject to change without substantial notice in advance. If we fail to obtain or to maintain such permits, licenses or certificates or renewals are granted with onerous conditions, we could be subject to fines and other penalties and be limited in the number or the quality of the products that we would be able to offer. As a result, our business, result of operations and financial condition could be materially and adversely affected.



*Potential environmental liability could have a material adverse effect on our operations and financial condition.*

Our manufacturing operations are subject to numerous laws, regulations, rules and specifications relating to the environment, including, among others, the Integrated Emission Standard of Air Pollutants GB 16297-1996 and the Standard of Environmental Noise of Urban Area GB 3096-93. Failure to comply with any laws and regulations and future changes to them may result in significant consequences to us, including civil and criminal penalties, liability for damages and negative publicity. Our business and operating results may be materially and adversely affected if we were to be held liable for violating existing environmental regulations or if we were to incur significant expenditures to comply with environmental regulations affecting our operations.

*Our success depends on our management team and other key personnel, the loss of any of whom could disrupt our business operations.*

We depend, to a large extent, on the abilities and participation of our current management team, with a reliance upon Mr. Zhuoyu “Richard” Li, our CEO and Chairman of the Board of Directors. The loss of the services of Mr. Li, for any reason, may have a material adverse effect on our business and prospects. We do not carry key man life insurance for our key personnel.

The agricultural chemicals business is specialized and requires the employment of personnel with significant scientific and operational experience in the industry. Accordingly, we must attract, recruit and retain a sizeable workforce of technically and scientifically competent employees. Our ability to effectively implement our business strategy will depend upon, among other factors, the successful recruitment and retention of additional management and other key personnel that have the necessary scientific, technical and operational skills and experience with the fertilizer industry. These individuals are difficult to find in the PRC and we may not be able to retain such skilled employees. If we are unable to hire individuals with the requisite experience, we may not be able to produce enough products to optimize profits, and the research and development initiatives may be delayed which will negatively impact our financial condition, results of operations and share price.

*Mr. Zhuoyu “Richard” Li, our Chairman and CEO may not devote all his time to our business.*

Our Chairman and CEO, Mr. Zhuoyu “Richard” Li, also serves as Chairman of Xi’an Techteam Science & Technology Industry (Group) Co. Ltd., a company engaged in hi-tech application fields in China, and Chairman and CEO of Xi’an Techteam Investment Holding (Group) Co., Ltd, a holding company for certain entities such as Gem Grain. This may give rise to further allocation of Mr. Li’s time to each business. While Mr. Li anticipates having sufficient time to devote to our business, a lack of adequate time spent by him on our business may adversely affect our business, financial condition, results of operations and share price.

*If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results. As a result, current and potential investors could lose confidence in our financial reporting, which could harm our business and have an adverse effect on our stock price.*

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we are required to annually furnish a report by our management on our internal control over financial reporting. Such report must contain, among other matters, an assessment by our principal executive officer and our principal financial officer on the effectiveness of our internal control over financial reporting, including a statement as to whether our internal control over financial reporting is effective as of the end of our fiscal year. This assessment must include disclosure of any material weakness in our internal control over financial reporting identified by management. Performing the system and process documentation and evaluation needed to comply with Section 404 is both costly and challenging. If we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. We cannot provide assurance that we will not fail to achieve and maintain an effective internal control environment on an ongoing basis, which may cause investors to lose confidence in our reported financial information and have a material adverse effect on the price of our common stock.

*We are responsible for the indemnification of our officers and directors.*

Our Bylaws provide for the indemnification of our directors, officers, employees, and agents, under certain circumstances, against costs and expenses incurred by them in any litigation to which they become a party arising from their association with or activities on our behalf. Consequently, we may be required to expend substantial funds to satisfy these indemnity obligations.

*Our inability to effectively improve the financial performance of Gufeng may have a material adverse effect on our business, financial condition and results of operations.*

While Gufeng had sales revenues of \$119,623,964, for its fiscal year ended June 30, 2020, Gufeng's net income for such period was \$(118,168,066). This was primarily due to the lower profit margins on Gufeng's products, inefficiencies in production and daily operations and negative working capital. In addition, rising transportation costs passed on by Gufeng's distributors may further erode margins on Gufeng's products. As Gufeng is based in Beijing, it is susceptible to rising costs of labor common in large cities such as Beijing, which may make it difficult for us to expand the workforce of Gufeng and Tianjuyuan to meet our strategic goals

Although we have made progress in terms of integrating Gufeng's employees, products and distribution network into our business during the past 12 months, there is no assurance that we will be able to continue effectively to do so, which may result in a material adverse effect on our business, financial condition and results of operations.

*We have not obtained the land use right over the premises on which certain facilities of Gufeng, our indirect, wholly-owned subsidiary, is located. As a result, the lack of a proper title certificate may jeopardize our right to use the premises and our possession of the buildings we built on such premises.*

Through Tianjuyuan, we rent approximately 47,333 square meters (509,488 square feet) of land in the Ping Gu District of Beijing (the "Premises"). Under the rental agreement dated February 16, 2004 with the village committee of Dong Gao Village and Zhen Nan Zhang Dai Village in the Beijing Ping Gu District (the "rental agreement"), Tianjuyuan rents the land at an annual rent of RMB 35,500 (approximately \$5,023). The term of the rental agreement is from February 1, 2004 to January 31, 2054. We were informed by our PRC counsel that the rental agreement is invalid and unenforceable pursuant to the PRC Land Administration Law and related regulations. Therefore, we have been in the process of applying for the proper land use right certificate from the relevant government authorities to legitimize our right over the Premises. As of the date of this report, we were informed by the local government that our application materials for the land use right in issue has been moved up from the department in charge of general matters to the land administrative department of the local government and is under their review. However, there can be no assurance that such land use right certificate will be granted to us. Until we obtain the land use right certificate, there is a risk that the PRC government may declare the rental agreement invalid, evict our personnel from the Premises and tear down the buildings we built on the Premises. As of the date of this Report, we have no knowledge of any pending or threatened governmental actions relating to the Premises.

*A severe or prolonged downturn in the global economy could materially and adversely affect our business and results of operations.*

The global market and economic conditions during the years 2008 through 2020 were unprecedented and challenging, with recessions occurring in most major economies. Continued concerns about the systemic impact of potential long-term and wide-spread recession, energy costs, geopolitical issues, and the availability and cost of credit have contributed to increased market volatility and diminished expectations for economic growth around the world. The difficult economic outlook has negatively affected businesses and consumer confidence and contributed to volatility of unprecedented levels.

The PRC economy also faces challenges. The PRC government has implemented various measures recently to curb inflation. If economic growth slows or an economic downturn occurs, our business and results of operations may be materially and adversely affected.

## **Risks Related to Doing Business in the PRC**

Substantially all our assets and operations are in the PRC, and substantially all our revenue is sourced from the PRC. Accordingly, our results of operations and financial position are subject to a significant degree to economic, political and legal developments in the PRC, including the following risks:

*Changes in the policies of the PRC government could have a significant impact upon the business we may be able to conduct in the PRC and the profitability of such business.*

The PRC's economy is in a transition from a planned economy to a market-oriented economy, subject to five-year and annual plans adopted by the government that set national economic development goals. Policies of the PRC government can have significant effects on economic conditions in China. Our interests may be adversely affected by changes in policies by the PRC government, including:

- changes in laws, regulations or their interpretation;
- confiscatory taxation;
- restrictions on currency conversion, imports or sources of supplies and export tariff;
- expropriation or nationalization of private enterprises.

Although the PRC government has been pursuing economic reform policies for more than two decades, we cannot assure you that the government will continue to pursue such policies or that such policies may not be significantly altered, especially in the event of a change in leadership, social or political disruption, or other circumstances affecting political, economic and social life in China.

*The PRC laws and regulations governing our current business operations are sometimes vague and uncertain. Any changes in such PRC laws and regulations may have a material and adverse effect on our business.*

We and any future subsidiaries are considered foreign persons or foreign funded enterprises under PRC laws, and we are subject to PRC laws and regulations. These laws and regulations are sometimes vague and may be subject to future changes, and their official interpretation and enforcement may involve substantial uncertainty. The effectiveness of newly enacted laws, regulations or amendments may be delayed, resulting in detrimental reliance from foreign investors. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively. We cannot predict what effect the interpretation of existing or new PRC laws or regulations may have on our business.

*We derive a substantial portion of our revenues from sales in the PRC and any downturn in the Chinese economy could have a material adverse effect on our business and financial condition.*

Substantially all our operations are conducted in the PRC and substantially all our revenues are generated from sales in the PRC. We anticipate that revenues from sales of our products in the PRC will continue to represent a substantial proportion of our total revenues soon. Any significant decline in the condition of the PRC economy could, among other things, adversely affect the consumption of our products, which in turn would have a material adverse effect on our revenues and profitability.

*Inflation in the PRC could negatively affect our profitability and growth.*

While the PRC economy has experienced rapid growth, it has been uneven among various sectors of the economy and in different geographical areas of the country. Rapid economic growth can lead to growth in the money supply and rising inflation. If prices for our products do not rise at a rate that is sufficient to fully absorb inflation-driven increases in our costs of supplies, our profitability can be adversely affected.

According to the International Monetary Fund or IMF, the inflation rate in China fluctuated on an annual basis from a low rate of -1.4% in 1999 to the highest rate of 5.9% in 2008. The inflation rate was 5.2%, 2.7%, and 2.9% in 2017, 2018 and 2019, respectively. These fluctuations and economic factors have led to the adoption by the Chinese government, from time to time, of various corrective measures designed to restrict the availability of credit or regulate growth and contain inflation. To control inflation in the past, the PRC government has imposed controls on bank credits, limits on loans for fixed assets and restrictions on state bank lending. The implementation of these and other similar policies can impede economic growth and thereby harm the market for our products.

*Restrictions on investigations by overseas securities regulators.*

Under Article 177 of the PRC Securities Law, which became effective in March 2020, no overseas securities regulator can directly conduct investigations or evidence collection activities within the PRC and no entity or individual in China may provide documents and information relating to securities business activities to overseas regulators without Chinese government approval. As a result, our shareholders may not benefit from a regulatory environment that fosters effective enforcement of U.S. and other securities laws. This could adversely affect investor and shareholder protection, and could cause securities exchanges and overseas regulators to impose additional requirements on us.

*Our subsidiaries are subject to restrictions on paying dividends and making other payments to our subsidiary, Green New Jersey; as a result, we might therefore be unable to pay dividends to you.*

We are a holding company incorporated in the State of Nevada and do not have any assets or conduct any business operations other than our investments in our subsidiaries, Green New Jersey, Jinong, Gufeng, and the VIE companies. Because of our holding company structure, we rely entirely on dividends payments from our subsidiaries in the PRC. PRC regulations currently permit payment of dividends only out of accumulated profits, as determined in accordance with PRC accounting standards and regulations. Under PRC accounting standards and regulations, our subsidiaries are also required to set aside a portion of their after-tax profits to fund certain reserves. We may experience difficulties such as lengthy processing time from the foreign exchange administrative bureau's side and administrative formalities in completing the procedures necessary to obtain and remit foreign currency. Furthermore, if any of our subsidiaries incurs debt on its own in the future, the instruments governing the debt may restrict its ability to pay dividends or make other payments. If we or Green New Jersey are unable to receive any profits from the operations of our subsidiaries in the PRC, we may be unable to pay dividends to our common stockholders.

*Risks associated with the VIE structure.*

As described in "Business" above, we operate a portion of our business through variable interest entities (the "VIEs"), including Yuxing and eight other VIEs that we acquired since June 2016. Under agreements with the shareholders of the VIEs, the shareholders retain possession and legal ownership of the equity interests and agree to pledge and entrust all their equity interests, to us or our subsidiaries. In addition, the shareholders of the VIE companies enter into a series of agreements designed to give us operational control of the VIEs, including a Voting Proxy Agreement, an Exclusive Option Agreement, an Equity Pledge Agreement Technology Supply Agreements, and a Non-Compete Agreement. In addition, each of the VIEs enters into an Exclusive Technology Supply Agreements with us or our subsidiaries.

There are substantial risks associated with operating through VIEs. Of course, the validity and enforceability of VIE arrangement is subject to any applicable bankruptcy or insolvency or similar laws affecting creditors' rights generally, as well as risks related to the discretion of any competent PRC legislative, administrative or judicial bodies in exercising their authority over VIEs. The VIE structure may be determined by Chinese authorities to be inconsistent with the laws and regulations of China, including those related to foreign investment in certain industries, and could be disregarded by PRC tax authorities, resulting in increased tax liabilities.

In addition, the VIE structure may not be as effective as direct ownership in controlling entities organized in China, which often hold the licenses necessary to conduct the company's business in China. Finally, control over funds due from the VIEs could be jeopardized if the shareholders of the VIE breach the terms of the agreements. In rare cases, the VIE structure may result in unauthorized use of indicia of corporate power or authority, such as chops and seals.

*Governmental control of currency conversion may affect the value of our common stock.*

The PRC government imposes controls on the convertibility of Renminbi ("RMB") into foreign currencies and, in certain cases, the remittance of currency out of the PRC. We receive substantially all our revenues in RMB, which is currently not a freely convertible currency. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends, or otherwise satisfy foreign currency denominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from the transaction, can be made in foreign currencies without prior approval from the PRC State Administration of Foreign Exchange ("SAFE") by complying with certain procedural requirements. However, approval from appropriate governmental authorities is required where RMB is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of bank loans denominated in foreign currencies.

The PRC government also may at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay certain of our expenses as they come due.

*The fluctuation of RMB may materially and adversely affect our common stock.*

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions. As we rely entirely on revenues earned in the PRC, any significant revaluation of RMB may materially and adversely affect our cash flows, revenues and financial condition. For example, to the extent that we need to convert U.S. dollars we receive from an offering of our securities into RMB for our operations, appreciation of the RMB against the U.S. dollar could lead the RMB equivalent of the U.S. dollars to be reduced and could have a material adverse effect on our business, financial condition and results of operations. Conversely, if we decide to convert our RMB into U.S. dollars for making dividend payments on our common stock or for other business purposes and the U.S. dollar appreciates against the RMB, the U.S. dollar equivalent of the RMB we convert would be reduced. In the fiscal year 2020, China's currency

dropped by a cumulative 3.0% against the U.S. dollar on hopes of boosting the domestic economy, making Chinese exports cheaper and imports into China more expensive by that amount. The effect on trade can be substantial. In addition, the depreciation of significant U.S. dollar denominated assets could result in a charge to our income statement and a reduction in the value of these assets.

*PRC regulations relating to the establishment of offshore special purpose companies by PRC domestic residents may subject our PRC resident beneficial owners to personal liability, limit our ability to inject capital into our PRC subsidiaries, limit our subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.*

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, on July 4, 2014, which replaced the former circular commonly known as "SAFE Circular 75" promulgated by SAFE on October 21, 2005. SAFE Circular 37 (the "SAFE Notice") requires PRC residents to register with local branches of SAFE regarding their direct establishment or indirect control of an offshore entity, for overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle" (the "SPV"). SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. Under the SAFE Notice, failure to comply with the registration procedures set forth above could result in liability under Chinese law for foreign exchange evasion and may result in penalties and legal sanctions, including fines, the imposition of restrictions on a Chinese subsidiary's foreign exchange activities and its ability to distribute dividends to the SPV, its ability to pay the SPV proceeds from any reduction in capital, share transfer or liquidation in respect of the Chinese subsidiary and the SPV's ability to contribute additional capital into or provide loans to the Chinese subsidiary. After consultation with China counsel, we do not believe that any of our PRC domestic resident stockholders are subject to the SAFE registration requirement. However, we cannot provide any assurances that all our stockholders who are PRC residents will not be required to make or obtain any applicable registrations or approvals required by these SAFE regulations in the future. The failure or inability of our PRC resident stockholders to comply with the registration procedures set forth therein may subject us to fines and legal sanctions, restrict our cross-border investment activities, or limit our PRC subsidiaries' ability to distribute dividends or obtain foreign-exchange-dominated loans to our company.

As it is uncertain how the SAFE regulations will be interpreted or implemented, we cannot predict how these regulations will affect our business operations or future strategy. For example, we may be subject to more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our results of operations and financial condition. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the SAFE regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

*We may be subject to fines and legal sanctions by SAFE or other PRC government authorities if we or our employees who are PRC citizens fail to comply with PRC regulations relating to employee stock options granted by offshore listed companies to PRC citizens.*

On March 28, 2007, SAFE promulgated the Operating Procedures for Foreign Exchange Administration of Domestic Individuals Participating in Employee Stock Ownership Plans and Stock Option Plans of Offshore Listed Companies, or Circular 78. Under Circular 78, Chinese citizens who are granted share options by an offshore listed company are required, through a Chinese agent or Chinese subsidiary of the offshore listed company, to register with SAFE and complete certain other procedures, including applications for foreign exchange purchase quotas and opening special bank accounts. We and our Chinese employees who have been granted share options are subject to Circular 78. Failure to comply with these regulations may subject us or our Chinese employees to fines and legal sanctions imposed by SAFE or other PRC government authorities and may prevent us from further granting options under our share incentive plans to our employees. Such events could adversely affect our business operations.

*Our business and financial performance may be materially adversely affected if the PRC regulatory authorities determine that our acquisition of Jinong constitutes a Round-trip Investment without the PRC Ministry of Commerce ("MOFCOM") approval.*

On August 8, 2006, six PRC regulatory agencies promulgated the Regulation on Merger and Acquisition of Domestic Companies by Foreign Investors (the "2006 M&A Rules"), which became effective on September 8, 2006. According to the 2006 M&A Rules, a "Round-trip Investment" is defined as having taken place when a PRC business that is owned, directly or indirectly, by PRC individual(s) is sold to a non-PRC entity that is established or controlled, directly or indirectly, by those same PRC individual(s) and their PRC affiliates. Under the 2006 M&A Rules, any Round-trip Investment must be approved by the MOFCOM. The application of the 2006 M&A Rules with respect to the definition of Round-trip Investment remains unclear, with no consensus currently existing among the leading PRC law firms regarding the definition, scope of the applicability of the MOFCOM approval.

We, through Green New Jersey, acquired 100% of the capital stock of Jinong (the "Jinong Acquisition.") Jinong is a PRC business whose stockholders were two PRC individuals and a PRC entity, of which Mr. Tao Li, our former Chairman and CEO, was the controlling stockholder, holding 31% of its shares. The PRC regulatory authorities could take the view that the Jinong Acquisition may be part of a Round-trip Investment. The PRC legal counsel of Jinong has opined that the Jinong Acquisition did not violate any PRC law, which would include the 2006 M&A Rules. We, however, cannot assure you that the PRC regulatory authority, MOFCOM, will take the same view as the PRC legal counsel. If the PRC regulatory authorities take the view that the Jinong Acquisition constitutes a Round-trip Investment under the 2006 M&A Rules, we cannot be assured that we may be able to obtain the approval required from MOFCOM.

If the PRC regulatory authorities take the view that the Jinong Acquisition constitutes a Round-trip Investment without MOFCOM approval, they

could invalidate our acquisition and ownership of Jinong. Additionally, the PRC regulatory authorities may take the view that the Jinong Acquisition constitutes a transaction which requires the prior approval of the China Securities Regulatory Commission, or CSRC, before MOFCOM approval is obtained. We believe that if this takes place, we may be able to find a way to re-establish control of Jinong's business operations through a series of contractual arrangements rather than an outright purchase of Jinong. We cannot assure you that such contractual arrangements will be protected by PRC law or that we can receive as complete or effective economic benefit and overall control of Jinong's business than if the Company had direct ownership of Jinong. In addition, we cannot assure you that such contractual arrangements can be successfully effected under PRC law. If we cannot obtain MOFCOM or CSRC approval if required by the PRC regulatory authorities to do so, and if we cannot put in place or enforce relevant contractual arrangements as an alternative and equivalent means of control of Jinong, our corporate structure could be materially adversely affected.



*Jinong's contractual arrangements with Yuxing may result in adverse tax consequences to us.*

We could face material and adverse tax consequences if the PRC tax authorities determine that Jinong's contractual arrangements with Yuxing were not made on an arm's length basis and adjust our income and expenses for PRC tax purposes in the form of a transfer pricing adjustment. A transfer pricing adjustment could result in a reduction, for PRC tax purposes, of adjustments recorded by Yuxing, which could adversely affect us by increasing Yuxing's tax liability without reducing Jinong's tax liability, which could further result in late payment fees and other penalties to Yuxing for underpaid taxes.

*We control Yuxing through contractual arrangements which may not be as effective in providing control over Yuxing as direct ownership, and if Yuxing or its shareholders breach the contractual arrangements, we would have to rely on legal remedies under PRC law, which may not be available or effective, to enforce or protect our rights.*

Effective June 16, 2013, we conduct substantially all our operations on agriculture products, and generate substantially all our revenues from agriculture products, through contractual arrangements with our VIE, Yuxing, that provide us, through our ownership of Green New Jersey and its ownership of Jinong, with effective control over Yuxing. We have no direct ownership interest in Yuxing. We depend on Yuxing to hold and maintain agriculture products contracts with our customers. Yuxing also owns substantially all our property, facilities and other assets relating to the operation of our agriculture products business, and employs the personnel for substantially all our agriculture products business. Neither we nor Jinong has any direct ownership interest in Yuxing. Although we believe that that each contract under Jinong's contractual arrangements with Yuxing is valid, binding and enforceable under current PRC laws and regulations in effect, these contractual arrangements may not be as effective in providing us with control over Yuxing as direct ownership of Yuxing would be. In addition, Yuxing may breach the contractual arrangements. For example, Yuxing may decide not to make contractual payments to Jinong, and consequently to us, in accordance with the existing contractual arrangements. In the event of any such breach, we would have to rely on legal remedies under PRC law. These remedies may not always be available or effective, particularly considering uncertainties in the PRC legal system.

Yuxing may also seek to renew its agreements on terms that are disadvantageous to us. Although we have entered into a series of agreements that provide us with substantial ability to control Yuxing, we may not succeed in enforcing our rights under them insofar as our contractual rights and legal remedies under PRC law are inadequate. If we are unable to renew these agreements on favorable terms when these agreements expire or enter into similar agreements with other parties, our business may not be able to operate or expand, and our operating expenses may significantly increase.

In addition, although we do not rely on Yuxing's revenue, Yuxing's VIE structure is subject to uncertainty amid the PRC's changing legislative practice. In January 2015, China's Ministry of Commerce unveiled draft legislation that could change how the government regulates corporate structures, especially for VIEs controlled by foreign investments. Instead of looking at "ownership," the draft law focuses on the entities or individuals who control a VIE. If a VIE is deemed to be controlled by foreign investors, it may be barred from operating in restricted sectors or the prohibited sectors listed on a "negative list," where only companies controlled by Chinese nationals could operate, even if structured as VIEs.

If the draft law is implemented in any form, and the Company's business is characterized as one of the "restricted" or "prohibited" sectors, Yuxing may be barred from operation, which would materially adversely affect our business.

*PRC laws and regulations governing our businesses and the validity of certain of our contractual arrangements are uncertain. If we are found to be in violation of such PRC laws and regulations, we could be subject to sanctions. In addition, changes in such PRC laws and regulations may materially and adversely affect our business.*

There are substantial uncertainties regarding the interpretation and application of PRC laws and regulations, including, but not limited to, the laws and regulations governing our business, or the enforcement and performance of Yuxing's contractual arrangements with Jinong. Jinong is considered a foreign invested enterprise under PRC law. As a result, Jinong is subject to PRC law limitations on its businesses and foreign ownership of Chinese companies. These laws and regulations are relatively new and may be subject to change, and their official interpretation and enforcement may involve substantial uncertainty. The effectiveness of newly enacted laws, regulations or amendments may be delayed, resulting in detrimental reliance by foreign investors. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively.

The PRC government has broad discretion in dealing with violations of laws and regulations, including levying fines, revoking business and other licenses and requiring actions necessary for compliance. Licenses and permits issued or granted to us by relevant governmental bodies may be revoked later by higher regulatory bodies. We cannot predict the effect of the interpretation of existing or new PRC laws or regulations on our businesses. We cannot assure you that our current ownership and operating structure would not be found in violation of any current or future PRC laws or regulations. As a result, we may be subject to sanctions, including fines, and could be required to restructure our operations or cease to provide certain services. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and

management attention. Any of these or similar actions could significantly disrupt our business operations or restrict us from conducting a substantial portion of our business operations, which could materially and adversely affect our business, financial condition and results of operations.

*The PRC environmental laws and regulations may adversely impact on our business.*

Our manufacturing operations are subject to numerous environmental laws, ordinances and regulations. These laws, ordinances and regulations address and regulate, among other matters, wastewater discharge, air quality and the generation, handling, storage, treatment, disposal and transportation of solid and hazardous waste. It is possible that compliance with a new regulatory requirement could impose significant compliance costs on us. Such costs could have a material adverse effect on our business, financial condition and results of operations. The increased global focus on environmental and social issues could result in the adoption of more stringent standards in these areas by the PRC.

We believe that we have obtained all permits, licenses and approvals, and filed all registrations required for the conduct of our business, except where the failure to obtain such permit, license or approval, or file any registration would not have a material adverse effect on our business, financial condition and results of operations. We have not been notified by any governmental authority of any continuing noncompliance, liability or other claim relating to any of our properties or business operations, nor are we aware of any other material environmental condition with respect to any of our properties or arising out of our business operations at any other location.

However, no assurance can be given that all potential environmental liabilities have been identified or properly quantified or that any prior owner, operator, or tenant has not created an environmental condition unknown to us. Moreover, no assurance can be given that (i) future laws, ordinances or regulations will not impose any material environmental liability or (ii) the current environmental condition of the properties will not be affected by the condition of land or operations near the properties (such as the presence of underground storage tanks), or by third parties unrelated to us.

*PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds we receive from any offerings to make loans to our PRC subsidiaries or to make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.*

We are a holding company in the United States conducting our operations in China through our PRC subsidiaries. In utilizing the proceeds we may receive from any offerings, we may make loans to our PRC subsidiaries, whether currently in existence or to be formed in the future, or make additional capital contributions to our PRC subsidiaries.

Any loans we make to our PRC subsidiaries cannot exceed statutory limits and must be registered with SAFE, or its local counterparts. Under applicable PRC law, the government authorities must approve a foreign-invested enterprise's registered capital amount, which represents the total amount of capital contributions made by the stockholders that have registered with the registration authorities. In addition, the authorities must also approve the foreign-invested enterprise's total investment, which is equal to the company's registered capital plus the amount of stockholder loans it is permitted to borrow under the law. The ratio of registered capital to total investment cannot be lower than the minimum statutory requirement. If we make loans to our operating subsidiaries in China that do not exceed the current maximum amount of borrowings, we will have to register each loan with SAFE or its local counterpart for the issuance of a registration certificate of foreign debts. In practice, it could be time-consuming to complete such SAFE registration process. Alternatively, or concurrently with the loans, we might make capital contributions to our operating subsidiaries in China and such capital contributions involve uncertainties of their own. Further, SAFE promulgated a new circular (known as Circular 142) in August 2008 with respect to the administration of conversion of foreign exchange capital contributions of a foreign-invested enterprise. The circular clarifies that RMB converted from foreign exchange capital contributions can only be used for the activities within the approved business scope of such foreign-invested enterprise and cannot be used for domestic equity investments unless otherwise permitted.

While we do not foresee this to happen soon, with respect to future loans by us to our PRC subsidiaries or with respect to future capital contributions by us to our PRC subsidiaries, we cannot be assured that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, when the need arises. If circumstances call and if we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we receive from this offering and to capitalize or otherwise fund our PRC operations may be negatively affected, which could adversely and materially affect our ability to fund and expand our business.

*If we were to be deemed as a “resident enterprise” by PRC tax authorities, we could be subject to tax on our global income at the rate of 25% under the Enterprise Income Tax Law (“2008 EIT Law”) in the PRC and our non-PRC shareholders could be subject to certain PRC taxes.*

Under the 2008 EIT Law and the implementing rules, both of which became effective January 1, 2008, an enterprise established outside of the PRC with “de facto management bodies” within the PRC may be considered a PRC “resident enterprise” and will be subject to the enterprise income tax at the rate of 25% on its global income as well as PRC enterprise income tax reporting obligations. The implementing rules of the 2008 EIT Law define “de facto management” as “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise. If we were to be considered a “resident enterprise” by the PRC tax authorities, our global income would be taxable under the 2008 EIT Law at the rate of 25% and, to the extent we were to generate a substantial amount of income outside of PRC in the future, we would be subject to additional taxes. In addition, the dividends we pay to our non-PRC enterprise shareholders and gains derived by such shareholders from the transfer of our shares may also be subject to PRC withholding tax at the rate up to 10%, if such income were regarded as China-sourced income. In addition, the circular mentioned above details that certain Chinese-invested enterprises controlled by Chinese enterprises or Chinese group enterprises will be classified as “resident enterprises” if the following are located or resident in China: senior management personnel and departments that are responsible for daily production, operation and management; financial and personnel decision making bodies; key properties, accounting books, company seal, and minutes of board meetings and stockholders’ meetings; and half or more of the directors with voting rights or senior management. However, as of the date hereof, no final interpretation on the implementation of the “resident enterprise” designation is available. Moreover, any such designation, when made by PRC tax authorities, will be determined based on the facts and circumstances of individual cases. As a result, we cannot determine the likelihood or consequences of our being designated a “resident enterprise” as of the date hereof.

If the PRC tax authorities determine that we are a “resident enterprise,” we may be subject to enterprise income tax at a rate of 25% on our worldwide income and dividends paid by us to our non-PRC stockholders as well as capital gains recognized by them with respect to the sale of our stock may be subject to a PRC withholding tax. This will have an impact on our effective tax rate, a material adverse effect on our net income and results of operations, and may require us to withhold tax on our non-PRC stockholders.

*Because our principal assets are located outside of the United States and because almost all our directors and officers reside outside of the United States, it may be difficult for you to use the United States Federal securities laws to enforce your rights against us and our officers and most of our directors or to enforce judgments of United States courts against us or most of our directors and officers in the PRC.*

Almost all our present officers and directors reside outside of the United States; accordingly it may be difficult to serve them with process in case of a legal action against them. In addition, our operating subsidiaries are in the PRC and substantially all their assets are located outside of the United States. It may therefore be difficult for investors in the United States to enforce their legal rights based on the civil liability provisions of the United States Federal securities laws against us or our officers and directors in the courts of either the United States or the PRC and, even if civil judgments are obtained in courts of the United States, to enforce such judgments in PRC courts. It is unclear if extradition treaties now in effect between the United States and the PRC would permit effective enforcement against us or most of our directors and officers of criminal penalties, under the United States Federal securities laws or otherwise. In addition, enforcement of a foreign judgment in the PRC may be limited or otherwise affected by applicable bankruptcy, insolvency, liquidation, arrangement, moratorium or similar laws relating to or affecting creditors’ rights generally and will be subject to a statutory limitation of time within which proceedings may be brought.

*Failure to comply with the U.S. Foreign Corrupt Practices Act could subject us to penalties and other adverse consequences.*

We are required to comply with the United States Foreign Corrupt Practices Act, which generally prohibits United States companies from engaging in bribery or other prohibited payments to foreign officials for obtaining or retaining business. Foreign companies, including some that may compete with us, are not subject to these prohibitions, and therefore may have a competitive advantage over us. Corruption, extortion, bribery, pay-offs, theft and other fraudulent practices may occur in the PRC. If our competitors engage in these practices, they may receive preferential treatment, giving our competitors an advantage in securing business, which would put us at a disadvantage. We can make no assurance that our employees or other agents will not engage in such conduct for which we might be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and results of operations.

*We may have difficulty managing the risk associated with doing business in the Chinese fertilizer and agricultural products sectors.*

In general, the fertilizer and agricultural products sectors in China are affected by a series of factors, including, but not limited to, natural, economic and social such as climate, market, technology, regulation, and globalization, which makes risk management difficult. Fertilizer and agricultural products operations in China face similar risks as present in other countries; however, in the PRC these can either be mitigated or exacerbated due to governmental intervention through policy promulgation and implementation either in the fertilizer and agricultural products or sectors which provide critical inputs to fertilizer and agricultural products such as energy or outputs such as transportation. While not an exhaustive list, the

following factors could significantly affect our ability to do business:

- food, feed, and energy demand including liquid fuels and crude oil;
- agricultural, financial, energy and renewable energy and trade policies;

- input and output pricing due to market factors and regulatory policies;
- production and crop progress due to adverse weather conditions, equipment deliveries, and water and irrigation conditions; and
- infrastructure conditions and policies.

Currently, we do not hold and do not intend to purchase insurance policies to protect revenue in the case that the above conditions cause losses of revenue.

#### **Risks Related to an Investment in our Stock.**

*We may not pay any cash dividends in the foreseeable future.*

We paid a cash dividend on January 30, 2015 to stockholders of record as of the close of business on the record date of October 31, 2014. However, we may not anticipate paying cash dividends on our common stock in the foreseeable future and we may not have sufficient funds legally available to pay dividends. Even if the funds are legally available for distribution, we may nevertheless decide not to pay, or may be unable to pay, any dividends. At present we intend to retain all earnings for our company's operations.

*The market price for our common stock may be volatile and subject to wide fluctuations, which may adversely affect the price at which you can sell our shares.*

The market price for our common stock may be volatile and subject to wide fluctuations in response to factors including the following:

- actual or anticipated fluctuations in our quarterly operations results;
- filing of a class action lawsuit against us and certain of our current and former officers;
- changes in financial estimates by securities research analysts;
- conditions in foreign or domestic fertilizer and agricultural markets;
- changes in the economic performance or market valuations of other companies in the same industry;
- announcements by us or our competitors of new products, acquisitions, strategic partnerships, joint ventures or capital commitments;
- addition or departure of key personnel;
- fluctuations of exchange rates between the RMB and the U.S. dollar;
- intellectual property litigation;
- general economic or political conditions in the PRC; and
- Other events or factors, many of which are beyond our control.

In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of companies. These market fluctuations may also materially and adversely affect the market price of our stock, regardless of our actual operating performance.

*We may require additional financing in the future and our operations could be curtailed if we are unable to obtain required additional financing when needed.*

We may need to obtain additional equity or debt financing to fund future capital expenditures. Additional equity may result in dilution to the holders of our outstanding shares of capital stock. Additional debt financing may include conditions that would restrict our freedom to operate our business, such as conditions that:

- limit our ability to pay dividends or require us to seek consent for the payment of dividends;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditures, working capital and other general corporate purposes; and
- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

We cannot guarantee that we will be able to obtain any additional financing on terms that are acceptable to us, or at all.

*A SEC investor bulletin regarding reverse mergers may drive down the market price of our common stock.*

On June 9, 2011, the SEC issued an investor bulletin in which it explained the process by which a company becomes a public company by means of a reverse merger, described the potential risks of investing in a reverse merger company and detailed recent enforcement actions taken by it against certain reverse merger companies. The investor bulletin raised specific concerns with respect to foreign companies that access the U.S. markets through the reverse merger process, as we did. The SEC investor bulletin could lead investors in our common stock to sell their shares and may cause other investors not to invest in us, thus driving down the market price of our common stock or making it more difficult for us to raise funds in the future.

*Stockholders should have no expectation of any dividends in the future.*

We paid a cash dividend on January 30, 2015 to stockholders of record as of the close of business on the record date of October 31, 2014. However, the Board of Directors may not intend to declare any dividends on our common stock soon, but instead currently intends to retain all earnings, if any, for use in the operation and expansion of our business. If we decide to pay dividends, foreign exchange and other regulations in China may restrict our ability to distribute retained earnings from China or convert those payments from Renminbi into foreign currencies.

*If our common stock were delisted and determined to be a “penny stock,” a broker-dealer may find it more difficult to trade our common stock and an investor may find it more difficult to acquire or dispose of our common stock in the secondary market.*

If our common stock were removed from listing with the New York Stock Exchange, it may be subject to the so-called “penny stock” rules. The SEC has adopted regulations that define a “penny stock” to be any equity security that has a market price per share of less than \$5.00, subject to certain exceptions, such as any securities listed on a national securities exchange. For any transaction involving a “penny stock,” unless exempt, the rules impose additional sales practice requirements on broker-dealers, subject to certain exceptions. If our common stock were delisted and determined to be a “penny stock,” a broker-dealer may find it more difficult to trade our common stock and an investor may find it more difficult to acquire or dispose of our common stock on the secondary market. Investors in penny stocks should be prepared for the possibility that they may lose their whole investment.

## Item 1B. Unresolved Staff Comments

Not applicable.

## Item 2. Properties

There is no private ownership of land in China. All land is owned by the PRC government on behalf of all Chinese citizens or collectively owned by farmers. Land use rights can be granted or transferred with or without consideration upon approval by the PRC State Land Administration Bureau or its authorized branches.

Our principal executive offices are located at Third floor, Borough A, Block A. No. 181, South Taibai Road, Xi'an, Shaanxi Province, PRC 710065. The office space is approximately 360 square meters (3,875 square feet). It is rented from Xi'an Kingtone Information Technology Co., Ltd. ("Kingtone Information"), for a term of two years from July 1, 2018 at monthly rent of RMB24,480 (approximately \$3,464) for 612 square meters (approximately 6,588 square feet) of office space.

Through Jinong, we own an approximately 6,495 square meters (69,911 square feet) production facility that manufactures liquid fertilizer products and a 13,803-square meter (148,576 square feet) production facility that produces liquid and highly concentrated (powdered) fertilizers, located in the Yang Ling Agriculture High-Tech Demonstration Zone, on No. 6 Guhua 5 Road, Yangling, Xi'an, Shaanxi province, PRC 712100. The production facilities occupy approximately 30,947 square meters (333,111 square feet) of land, which contains office buildings, warehouses and research laboratories. The production lines have a total annual production capacity of 55,000 metric tons. We own the land use rights for the land Jinong's manufacturing facilities are situated for a term of 50 years from 2001.

Yuxing, Jinong's wholly-owned subsidiary, has land use rights to over 353,000 square meters (3,799,660 square feet) of land located in Hu County, Xi'an, Shaanxi Province on which we have built 98 sunlight greenhouses and 6 intelligent greenhouses as part of a research and development center currently under construction. Yuxing owns the land use rights to the property for a term of 50 years from 2009.

Through Gufeng and Tianjuyuan, we own an additional 17,930 square meters (approximately 192,997 square feet) of manufacturing, office and warehouse space and 47,110 square meters (approximately 507,088 square feet) of auxiliary facilities of the building located on approximately 42,726 square meters (459,898 square feet) of land located in No. 6 Mafang Logistics Park, Pinggu, Beijing. In addition, the eight manufacturing facilities of Gufeng and Tianjuyuan collectively increased our total annual production capacity by another 500,000 metric tons.

Tianjuyuan rents approximately 47,333 square meters (509,488 square feet) of land in the Ping Gu District of Beijing. Under the rental agreement dated February 16, 2004 with the village committee of Dong Gao Village and Zhen Nan Zhang Dai Village in the Beijing Ping Gu District, Tianjuyuan rents the land at an annual rent of RMB 35,500 (approximately \$5,023). The rental term is from February 1, 2004 to January 31, 2054. While the rental agreement was recognized previously by our PRC counsel as invalid and unenforceable due to its permitted use, we have since obtained the proper land use right certificate from the relevant government entity.



The details on our properties and manufacturing facilities are described in the table below:

Facility Location and Production Segment	Address	Area (square meters/ square feet)	Ownership Status and Term
Xi'an – Fertilizers (Jinong)	Yang Ling Agriculture High- tech Demonstration Zone, No. 6 Guhua 5 Road, Yangling, Xi'an, Shaanxi province	30,947 sq. m. (333,111 sq. ft.)	Land use right (Certificate #006012633) expires in January 2051 * (1)
Xi'an – Fertilizers (Jinong)	Yang Ling Agriculture High- tech Demonstration Zone, Guhua 5 Road, Yangling, Xi'an, Shaanxi province	6,495 sq. m. No. 6 (69,911 sq. ft.)	Building Ownership Certificate (Certificate # 20050722) * (1)
Xi'an – research and development center (Yuxing)	North Xin'an Village, Weifeng, Hu County, Shaanxi Province	353,000 sq. m. (3,799,660 sq. ft.)	Land use right (Certificate #006001700) expires in August 2059
Beijing – fertilizers (Tianjuyuan & Gufeng)	South of Nanzhangdai Village, Donggaocun Town, Ping Gu District, Beijing	42,726 sq. m. (459,898 sq. ft.)	Land use right (Certificate #2003189) expires in August 2053 * (1)
Beijing – fertilizers (Tianjuyuan & Gufeng)	South of Nanzhangdai Village, Donggaocun Town, Ping Gu District, Beijing	17,930 sq. m. (192,997 sq. ft.)	Building Ownership Certificate# 33142 * (1)
Beijing – fertilizers (Tianjuyuan & Gufeng)	South of Nanzhangdai Village, Donggaocun Town, Ping Gu District, Beijing	47,333 sq. m. (509,488 sq. ft.)	Rent from February 2004 to January 2054

\* (1) As of June 30, 2020, the encumbrances over our land use right and building ownership are summarized as below:

No.	Loan Amount	Lending Institution	Contract Period	Type of Guarantee	Interest Rate (Per Annum)	Property under Mortgage
1	RMB 15 million (\$2,122,500)	Postal Saving Bank of China- Pinggu Branch	June 17, 2020- June 16, 2021	Mortgage	5.66%	Tianjuyuan's land
2	RMB 10 million (\$1,415,000)	Beijing Bank- Pinggu Branch	Jun 22, 2020- Jun 22, 2021	Mortgage	5.22%	Tianjuyuan's land

### Item 3. Legal Proceedings

From time to time, the Company is a party to various legal actions or disputes that arise in the ordinary course of our business.

On June 5, 2020, an individual filed suit pro se (as in, representing oneself without an attorney) in the Southern District of Florida federal court alleging violations of the Securities Exchange Act. The Company believes the action is without merit and vigorously opposed it. The company has moved to dismiss the litigation and for attorney's fees from the plaintiff. The motions are pending.

### Item 4. Mine Safety Disclosures.

This item is not applicable to us.

## **PART II**

### **Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

#### **Market Information**

We have two authorized classes of equity securities: (i) common stock, par value \$0.001 per share, 6,350,129 shares of which were outstanding as of December 4, 2020, and (ii) preferred stock, par value \$0.001 per share, of which no shares were outstanding as of December 4, 2020. Since December 7, 2009, our common stock has been listed and traded on the NYSE under the symbol "CGA."

#### **Holders**

As of December 4, 2020, there were approximately 484 shareholders of record of our common stock. This does not reflect the number of persons or entities who held stock in nominee or "street" name through various brokerage firms.

#### **Securities Authorized for Issuance Under Equity Compensation Plans**

On October 27, 2009, our Board of Directors (the "Board") adopted the Company's 2009 Equity Incentive Plan (the "Incentive Plan"). On December 11, 2009, our stockholders approved the Incentive Plan. The Incentive Plan gives us the ability to grant stock options, stock appreciation rights (SARs), restricted stock and other stock-based awards to our employees, consultants and to non-employee members of our advisory board or our Board or the board of directors of any of our subsidiaries. On October 3, 2012, October 25, 2013 and May 15, 2015, our Board approved the amendment to increase the shares covered by the Incentive Plan by three million shares. On April 23, 2019, our Board approved the fourth amendment to increase the shares covered by the Incentive Plan by 3.9 million shares and an extension of the Plan for an additional ten years. All four amendments were approved by our stockholders on the annual meetings held on December 15, 2012, December 22, 2013, June 30, 2015, and June 22, 2019, respectively. As a result, a total of 0.43 million shares of Common Stock have been reserved under the Incentive Plan.

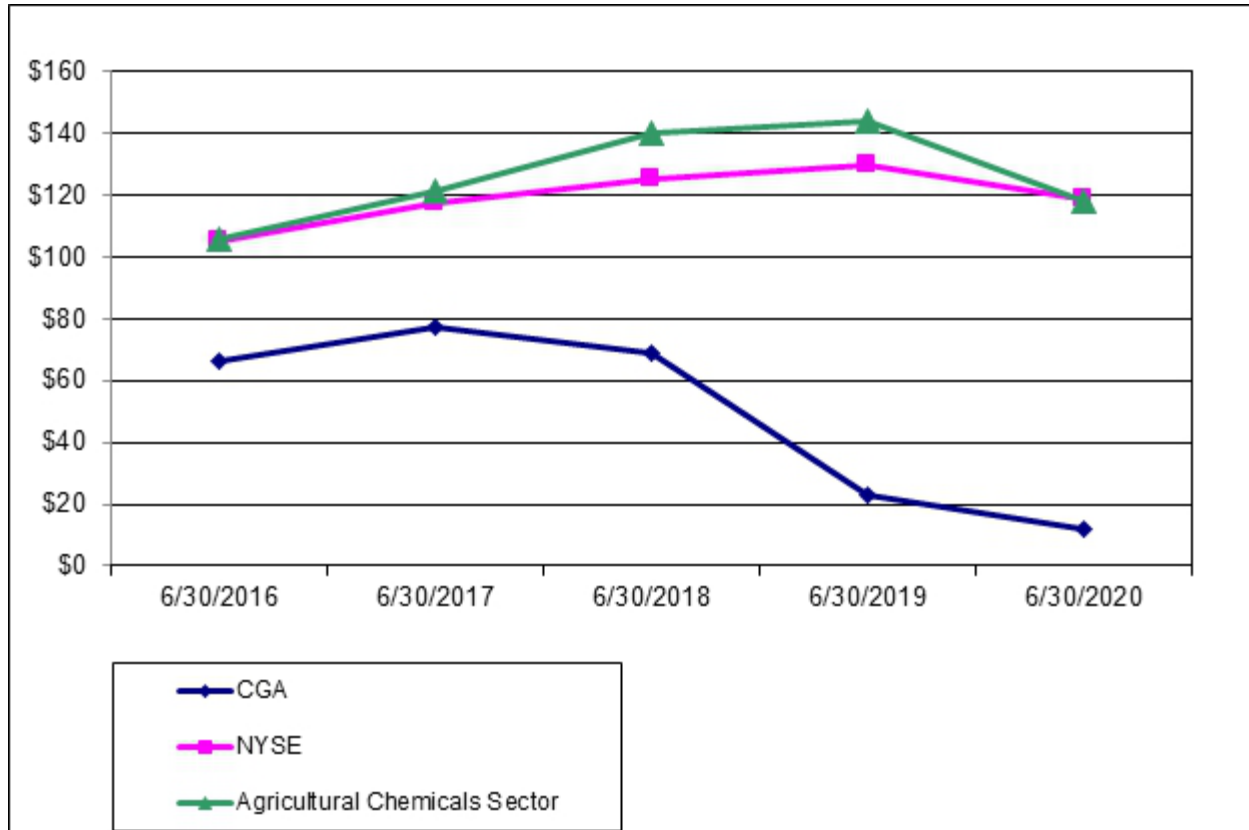
As of June 30, 2020, there was no outstanding options to purchase shares of common stock granted under the Plan. Options granted in the future under the Incentive Plan are within the discretion of our Board or our compensation committee, as delegated by the Board. The following table summarizes the number of shares of our Common Stock authorized for issuance under our Incentive Plan as of June 30, 2020.

## Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (c) (a) (c)
Equity compensation plans approved by security holders	—	\$ —	431,078
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>—</b>	<b>\$ —</b>	<b>431,078</b>

## Performance Graph

The following graph compares the cumulative total return on our common stock, the NYSE Composite Index and a peer group index consisting of companies reporting under the S&P 500 Fertilizers & Agricultural Chemicals Sub Industry Index over the period commencing on June 30, 2012 and ending on June 30, 2020.



The performance graph in this Item 5 is not deemed to be “soliciting material” or to be “filed” with the Commission or subject to Regulation 14A or 14C under the Exchange Act or to the liabilities of Section 18 of the Exchange Act, and will not be deemed to be incorporated by reference into any

filings under the Securities Act or the Exchange Act, whether made before or after the date of this Report and irrespective of any general incorporation language in such filings.

## Recent Sales of Unregistered Securities; Use of Proceeds from Unregistered Securities.

There was no unregistered sale of the Company's equity securities during the fiscal year ended June 30, 2020, that were not otherwise disclosed in a Quarterly Report on Form 10-Q or a Current Report on Form 8-K.

## Issuer Purchases of Equity Securities

There was no purchase of equity securities by the Company during the fiscal year ended June 30, 2020, that were not otherwise disclosed in a Quarterly Report on Form 10-Q or a Current Report on Form 8-K.

## Item 6. Selected Financial Data

The following selected consolidated income statement data for the years ended June 30, 2020, 2019, and 2018 and the selected consolidated balance sheet data as of June 30, 2020 and 2019 have been derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. These consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this Report. Our selected consolidated income statement data for the year ended June 30, 2016 and the selected consolidated balance sheet data as of June 30, 2016 and 2015 have been derived from our audited financial statements which are not included in this Report. The historical results presented below are not necessarily indicative of the results that may be expected in any future period.

	As of June 30,				
	2020	2019	2018	2017	2016
Revenue	\$ 249,243,496	\$ 294,320,803	\$ 287,053,530	\$ 277,848,486	\$ 268,785,020
Cost of goods sold	204,492,918	229,678,123	212,944,597	195,133,306	175,755,689
Gross profit	44,750,578	64,642,680	74,108,933	82,715,180	93,029,331
Operating expenses	178,922,936	45,837,932	44,307,146	51,194,568	60,437,412
Income from operations	(134,172,358)	18,804,748	29,801,787	31,520,612	32,591,919
Non-operating income (expense)	(234,851)	(717,013)	(921,279)	(308,186)	(515,759)
Provision for income taxes	(31,314,608)	6,497,340	35,852,127	6,511,880	7,371,967
Net income	\$ (136,752,136)	\$ 11,590,395	\$ (6,931,225)	\$ 25,152,154	\$ 24,704,193
Weighted average shares outstanding:					
Basic	5,619,788	3,388,529	3,219,314	3,174,419	3,058,631
Diluted	5,619,788	3,388,529	3,219,314	3,174,419	3,058,631
Earnings (loss) per share:					
Basic	\$ (24.33)	\$ 3.42	\$ (2.16)	\$ 7.92	\$ 8.04
Diluted	\$ (24.33)	\$ 3.42	\$ (2.16)	\$ 7.92	\$ 8.04

	As of June 30,				
	2020	2019	2018	2017	2016
Total current assets	\$ 285,198,981	\$ 414,954,039	\$ 407,426,651	\$ 370,954,462	\$ 335,581,234
Total assets	342,128,183	481,000,399	482,985,960	455,681,630	418,782,527
Total current liabilities	79,322,261	84,444,713	83,066,274	49,718,115	48,298,195
Total liabilities	79,322,261	84,444,713	90,438,173	58,153,576	48,298,195
Total stockholders' equity	\$ 262,805,922	\$ 396,555,686	\$ 392,547,787	\$ 397,528,054	\$ 370,484,332

## Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the notes to those financial statements appearing elsewhere in this report. This discussion and analysis contain forward-looking statements that involve significant risks and uncertainties. As a result of many factors, such as the slow-down of the macro-economic environment in China and its impact on economic growth in general, the competition in the fertilizer industry and the impact of such competition on pricing, revenues and margins, the weather conditions in the areas where our customers are based, the cost of attracting and retaining highly skilled personnel, the prospects for future acquisitions, and the factors set forth elsewhere in this report, our actual results may differ materially from those anticipated in these forward-looking statements. With these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this report will in fact occur. You should not place undue reliance on the forward-looking statements contained in this report.*

*The forward-looking statements speak only as of the date on which they are made, and, except to the extent required by U.S. federal securities laws, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. Further, the information about our intentions contained in this report is a statement of our intention as of the date of this report and is based upon, among other things, the existing regulatory environment, industry conditions, market conditions and prices, and our assumptions as of such date. We may change our intentions, at any time and without notice, based upon any changes in such factors, in our assumptions or otherwise.*

*Unless the context indicates otherwise, as used in the notes to the financial statements of the Company, the following are the references herein of all the subsidiaries of the Company (i) Green Agriculture Holding Corporation (“Green New Jersey”), a wholly-owned subsidiary of Green Nevada incorporated in the State of New Jersey; (ii) Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd. (“Jinong”), a wholly-owned subsidiary of Green New Jersey organized under the laws of the PRC; (iii) Xi’an Hu County Yuxing Agriculture Technology Development Co., Ltd. (“Yuxing”), a Variable Interest Entity in the PRC (“VIE”) controlled by Jinong through contractual agreements; (iv) Shaanxi Lishijie Agrochemical Co., Ltd. (“Lishijie”), a VIE controlled by Jinong through contractual agreements; (v) Songyuan Jinyangguang Sannong Service Co., Ltd. (“Jinyangguang”), a VIE in the PRC controlled by Jinong through contractual agreements; (vi) Weinan City Linwei District Wangtian Agricultural Materials Co., Ltd. (“Wangtian”), a VIE controlled by Jinong through contractual agreements; (vii) Aksu Xindeguo Agricultural Materials Co., Ltd. (“Xindeguo”), a VIE controlled by Jinong through contractual agreements; (viii) Xinjiang Xinyulei Eco-agriculture Science and Technology Co., Ltd (“Xinyulei”), a VIE controlled by Jinong through contractual agreements; (ix) Sunwu County Xiangrong Agricultural Materials Co., Ltd. (“Xiangrong”), a VIE controlled by Jinong through contractual agreements; (x) Anhui Fengnong Seed Co., Ltd. (“Fengnong”), a VIE controlled by Jinong through contractual agreements; (xi) Beijing Gufeng Chemical Products Co., Ltd., a wholly-owned subsidiary of Jinong in the PRC (“Gufeng”); and (xii) Beijing Tianjuyuan Fertilizer Co., Ltd., Gufeng’s wholly-owned subsidiary in the PRC (“Tianjuyuan”). Yuxing, Lishijie, Jinyangguang, Wangtian, Xindeguo, Xinyulei, Xiangrong and Fengnong may also collectively be referred to as the “the VIE Companies”; Lishijie, Jinyangguang, Wangtian, Xindeguo, Xinyulei, Xiangrong and Fengnong may also collectively be referred to as “the sales VIEs” or “the sales VIE companies”.*

*Unless the context otherwise requires, all references to (i) “PRC” and “China” are to the People’s Republic of China; (ii) “U.S. dollar,” “\$” and “US\$” are to United States dollars; and (iii) “RMB”, “Yuan” and Renminbi are to the currency of the PRC or China.*

### Overview

We are engaged in the research, development, production and sale of various types of fertilizers and agricultural products in the PRC through our wholly-owned Chinese subsidiaries, Jinong and Gufeng (including Gufeng’s subsidiary Tianjuyuan), and our VIE, Yuxing. Our primary business is fertilizer products, specifically humic-acid based compound fertilizer produced by Jinong and compound fertilizer, blended fertilizer, organic compound fertilizer, slow-release fertilizer, highly-concentrated water-soluble fertilizer and mixed organic-inorganic compound fertilizer produced by Gufeng. In addition, through Yuxing, we develop and produce various agricultural products, such as top-grade fruits, vegetables, flowers and colored seedlings. For financial reporting purposes, our operations are organized into three business segments: fertilizer products (Jinong), fertilizer products (Gufeng) and agricultural products (Yuxing).

The fertilizer business conducted by Jinong and Gufeng generated approximately 70.9% and 72.3% of our total revenues for the years ended June 30, 2020 and 2019, respectively. The sales VIEs generated 25.4% and 24.3% of our revenues for the years ended June 30, 2020 and 2019, respectively. Yuxing serves as a research and development base for our fertilizer products.

### Fertilizer Products

As of June 30, 2020, we had developed, produced, and sold a total of 730 different fertilizer products in use, of which 145 were developed and produced by Jinong, 334 by Gufeng, and 251 by the VIE companies.

Below is a table that shows the metric tons of fertilizer sold by Jinong and Gufeng and the revenue per ton for the periods indicated:

	Year Ended June 30,		Change 2019 to 2020	
	2020	2019	Amount	%
	(metric tons)			
Jinong	71,655	65,219	6,436	9.9%
Gufeng	356,973	389,544	(32,571)	-8.4%
	<u>428,629</u>	<u>454,763</u>	<u>(26,135)</u>	<u>-5.7%</u>
	(revenue per tons)			
Jinong			\$ 814	1,214
Gufeng			338	356

For the fiscal year ended June 30, 2020, we sold approximately 428,629 metric tons of fertilizer products, as compared to 454,763 metric tons for the fiscal year ended June 30, 2019. For the fiscal year ended June 30, 2020, Jinong sold approximately 71,655 metric tons of fertilizer products, as compared to 65,219 metric tons for the fiscal year ended June 30, 2019. For the fiscal year ended June 30, 2020, Gufeng sold approximately 356,973 metric tons of fertilizer products, as compared to 389,544 metric tons for the fiscal year ended June 30, 2019.

Our sales of fertilizer products to five provinces accounted for approximately 71.9% of our manufactured fertilizer revenue for year ended June 30, 2020. Specifically, the provinces and their respective percentage contributed to our fertilizer revenues were Hebei (35.7%), Heilongjiang (12.9%), Liaoning (10.7%), Inner Mongolia (9.8%) and Shaanxi (2.8%).

As of June 30, 2020, we had a total of 1,823 distributors covering 22 provinces, 4 autonomous regions and 4 central government-controlled municipalities in China. Jinong had 995 distributors in China. Jinong's sales are not dependent on any single distributor or any group of distributors. Jinong's top five distributors accounted for 3.4% of its fertilizer revenues for the fiscal year ended June 30, 2020. Gufeng had 330 distributors, including some large state-owned enterprises. Gufeng's top five distributors accounted for 82.1% of its revenues for the fiscal year ended June 30, 2020.

### Agricultural Products

Through Yuxing, we develop, produce and sell high-quality flowers, green vegetables and fruits to local marketplaces and various horticulture and planting companies. We also use certain of Yuxing's greenhouse facilities to conduct research and development activities for our fertilizer products. The three PRC provinces that accounted for 90.4% of our agricultural products revenue for the fiscal year ended June 30, 2020 were Shaanxi (84.2%), Shanghai (3.6%) and Beijing (2.6%).

### Recent Developments

#### New products and distributors

During the three months ended June 30, 2020, Jinong launched no new fertilizer product. Jinong also added 61 new distributors and eliminated 223 unqualified distributors for the three months ended June 30, 2020. During the three months ended June 30, 2020, Gufeng launched no new fertilizer product and added two new distributors.

## Strategic Acquisitions

On June 30, 2016 and January 1, 2017, through Jinong, we entered into (i) Strategic Acquisition Agreements (the “SAA”), and (ii) Agreements for Convertible Notes (the “ACN”), with the shareholders of the companies as identified below (the “Targets”).

June 30, 2016:

<b>Company Name</b>	<b>Business Scope</b>	<b>Cash Payment for Acquisition (RMB<sup>[1]</sup>)</b>	<b>Principal of Notes for Acquisition (RMB)</b>
Shaanxi Lishijie Agrochemical Co., Ltd.	Sales of pesticides, agricultural chemicals, chemical fertilizers, agricultural materials; Manufacture and sales of mulches.	10,000,000	3,000,000
Songyuan Jinyangguang Sannong Service Co., Ltd.	Promotion and consulting services regarding agricultural technologies; Retail sales of chemical fertilizers (including compound fertilizers and organic fertilizers); Wholesale and retail sales of pesticides, agricultural machinery and accessories; Collection of agricultural information; Development of saline-alkali soil; Promotion and development of high-efficiency agriculture and related information technology solutions for agriculture, agricultural and biological engineering high technologies; E-commerce; Cultivation of freshwater fish, poultry, fruits, flowers, vegetables, and seeds; Recycling and complex utilization of straw and stalk; Technology transfer and training; Recycling of agricultural materials ; Ecological industry planning.	8,000,000	12,000,000
Shenqiu County Zhenbai Agriculture Co., Ltd.	Cultivation of crops; Storage, sales, preliminary processing and logistics distribution of agricultural by-products; Promotion and application of agricultural technologies; Purchase and sales of agricultural materials; Electronic commerce.	3,000,000	12,000,000
Weinan City Linwei District Wangtian Agricultural Materials Co., Ltd.	Promotion and application of new agricultural technologies; Professional prevention of plant diseases and insect pests; Sales of plant protection products, plastic mulches, material, chemical fertilizers, pesticides, agricultural medicines, micronutrient fertilizers, hormones, agricultural machinery and medicines, and gardening tools.	6,000,000	12,000,000
Aksu Xindeguo Agricultural Materials Co., Ltd.	Wholesale and retail sales of pesticides; Sales of chemical fertilizers, packaged seeds, agricultural mulches, micronutrient fertilizers, compound fertilizers, plant growth regulators, agricultural machineries, and water economizers; Consulting services for agricultural technologies; Purchase and sales of agricultural by-products.	10,000,000	12,000,000
Xinjiang Xinyulei Eco-agriculture Science and Technology Co., Ltd	Sales of chemical fertilizers, packaged seeds, agricultural mulches, micronutrient fertilizers, organic fertilizers, plant growth regulators, agricultural machineries, and water economizers; Purchase and sales of agricultural by-products; Cultivation of fruits and vegetables; Consulting services and training for agricultural technologies; Storage services; Sales of articles of daily use, food and oil; On-line sales of the above-mentioned products.		
<b>Total</b>		<b>37,000,000</b>	<b>51,000,000</b>

(1) The exchange rate between RMB and U.S. dollars on June 30, 2016 is RMB1=US\$0.1508, according to the exchange rate published by Bank of China.

(2) On November 30, 2017, the Company, through its wholly-owned subsidiary Jinong, discontinued the strategic acquisition agreements and the series of contractual agreements with the shareholders of Zhenbai. In return, the shareholders of Zhenbai agreed to tender the whole payment consideration in the SAA back to the Company with early termination penalties. The convertible notes paid to Zhenbai’s shareholders and the accrued interest has been forfeited.





January 1, 2017:

<b>Company Name</b>	<b>Business Scope</b>	<b>Cash Payment for Acquisition (RMB<sup>(1)</sup>)</b>	<b>Principal of Notes for Acquisition (RMB)</b>
Sunwu County Xiangrong Agricultural Materials Co., Ltd.	Sales of pesticides, agricultural chemicals, chemical fertilizers, agricultural materials; Manufacture and sales of mulches.	4,000,000	6,000,000
Anhui Fengnong Seed Co., Ltd.	Wholesale and retail sales of pesticides; Sales of chemical fertilizers, packaged seeds, agricultural mulches, micronutrient fertilizers, compound fertilizers and plant growth regulators	4,000,000	6,000,000
<b>Total</b>		<b>8,000,000</b>	<b>12,000,000</b>

(1) The exchange rate between RMB and U.S. dollars on January 1, 2017 is RMB1=US\$0.144, according to the exchange rate published by Bank of China.

Pursuant to the SAA and the ACN, the shareholders of the Targets, while retaining possession of the equity interests and continuing to be the legal owners of such interests, agreed to pledge and entrust all of their equity interests, including the proceeds thereof but excluding any claims or encumbrances, and the operations and management of its business to Jinong, in exchange of an aggregate amount of RMB45,000,000 (approximately \$6,367,500) to be paid by Jinong within three days following the execution of the SAA, ACN and the VIE Agreements, and convertible notes with an aggregate face value of RMB 63,000,000 (approximately \$8,914,500) with an annual fixed compound interest rate of 3% and term of three years.

Jinong acquired the Targets using the VIE arrangement based on our need to further develop our business and comply with the regulatory requirements under the PRC laws.

As our business focuses on the production of fertilizer, all our business activities intertwine with those in the agriculture industry in China. Specifically, we deal with compliance, regulation, safety, inspection, and licenses in fertilizer production, farmland use and transfer, growing and distribution of agriculture goods, agriculture basic supplies, seeds, pesticides, and trades of grains. It is an industry in which heavy regulations get implemented and strictly enforced. In addition, E-commerce, which is also under strict government regulation in the PRC, has lately become a sales and distribution channel for agricultural products. Currently, we are developing an online platform to connect the physical distribution network we either own or lease.

Compared with the regulatory environment in other jurisdictions, the regulatory environment in the PRC is unique. For example, the “M&A Rules” purports to require that an offshore special purpose vehicle controlled directly or indirectly by PRC companies or individuals and formed for purposes of overseas listing through acquisition of PRC domestic interests held by such PRC companies or individuals obtain the approval of the China Securities Regulatory Commission (the “CSRC”) prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange. On September 21, 2006, the CSRC published procedures regarding its approval of overseas listings by special purpose vehicles.

For both e-commerce and agriculture industries, PRC regulators limit the investment from foreign entities and set particularly rules for foreign-owned entities to conduct business. We expect these limitations on foreign-owned entities will continue to exist in e-commerce and agriculture industries. The VIE arrangement, however, provides feasibility for obtaining administrative approval process and avoiding industry restrictions that can be imposed on an entity that is a wholly-owned subsidiary of a foreign entity. The VIE agreements reduce uncertainty and the current limitation risk. It is our understanding that the VIE agreements, as well as the control we obtained through VIE arrangement, are valid and enforceable. Such legal structure does not violate the known, published, and current PRC laws. While there are substantial uncertainties regarding the interpretation and application of PRC Laws and future PRC laws and regulations, and there can be no assurance that the PRC authorities will take a view that is not contrary to or otherwise different from our belief and understanding stated above, we believe the substantial difficulty that we experienced previously to conduct business in agriculture as a foreign ownership can be greatly reduced by the VIE arrangement. Further, as an integral part of the VIE arrangement, the underlying equity pledge agreements provide legal protection for the control we obtained. Pursuant to the equity pledge agreements, we have completed the equity pledge processes with the Targets to ensure the complete control of the interests in the Targets. The shareholders of the Targets are not entitled to transfer any shares to a third party under the exclusive option agreements. If necessary, they may transfer shares to our company without consideration.



While the VIE arrangement provides us with the feasibility to conduct our business in the E-Commerce and agriculture industries, validity and enforceability of VIE arrangement is subject to (i) any applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws affecting creditors' rights generally, (ii) possible judicial or administrative actions or any PRC Laws affecting creditors' rights, (iii) certain equitable, legal or statutory principles affecting the validity and enforceability of contractual rights generally under concepts of public interest, interests of the State, national security, reasonableness, good faith and fair dealing, and applicable statutes of limitation; (iv) any circumstance in connection with formulation, execution or implementation of any legal documents that would be deemed materially mistaken, clearly unconscionable, fraudulent, coercive at the conclusions thereof; and (v) judicial discretion with respect to the availability of indemnifications, remedies or defenses, the calculation of damages, the entitlement to attorney's fees and other costs, and the waiver of immunity from jurisdiction of any court or from legal process. Validity and enforceability of VIE arrangement is also subject to risk derived from the discretion of any competent PRC legislative, administrative or judicial bodies in exercising their authority in the PRC. As a result, there can no assurance that any of such PRC Laws will not be changed, amended or replaced in the immediate future or in the longer term with or without retrospective effect.

## Results of Operations

*Fiscal Year ended June 30, 2020 Compared to the Year ended June 30, 2019.*

### FOR THE YEARS ENDED JUNE 30

	2020	2019	Change \$	Change %
<b>Sales</b>				
Jinong	57,001,659	76,494,490	(19,492,831)	-25.5%
Gufeng	119,623,964	136,285,236	(16,661,272)	-12.2%
Yuxing	9,227,113	10,101,051	(873,938)	-8.7%
Sales VIEs	63,390,760	71,440,026	(8,049,266)	-11.3%
Net sales	<u>249,243,496</u>	<u>294,320,803</u>	<u>(45,077,307)</u>	<u>-15.3%</u>
<b>Cost of goods sold</b>				
Jinong	37,730,361	38,962,752	(1,232,391)	-3.2%
Gufeng	105,203,118	120,369,401	(15,166,283)	-12.6%
Yuxing	7,935,849	8,631,544	(695,695)	-8.1%
Sales VIEs	53,623,590	61,714,426	(8,090,836)	-13.1%
Cost of goods sold	<u>204,492,918</u>	<u>229,678,123</u>	<u>(25,185,205)</u>	<u>-11.0%</u>
Gross profit	44,750,578	64,642,680	(19,892,102)	-30.8%
<b>Operating expenses</b>				
Selling expenses	13,900,315	23,266,121	(9,365,806)	-40.3%
General and administrative expenses	165,022,621	22,571,811	142,450,809	631.1%
Total operating expenses	<u>178,922,936</u>	<u>45,837,932</u>	<u>133,085,003</u>	<u>290.3%</u>
Income from operations	<u>(134,172,358)</u>	<u>18,804,748</u>	<u>(152,977,105)</u>	<u>-813.5%</u>
<b>Other income (expense)</b>				
Other income (expense)	(107,579)	(443,533)	335,954	-75.7%
Interest income	176,799	321,645	(144,845)	-45.0%
Interest expense	(304,071)	(595,125)	291,054	-48.9%
Total other income (expense)	<u>(234,851)</u>	<u>(717,013)</u>	<u>482,163</u>	<u>-67.2%</u>
Income before income taxes	<u>(134,407,208)</u>	<u>18,087,735</u>	<u>(152,494,943)</u>	<u>-843.1%</u>
Provision for income taxes	2,344,928	6,497,340	(4,152,412)	-63.9%
Net income	<u>(136,752,136)</u>	<u>11,590,395</u>	<u>(148,342,531)</u>	<u>-1279.9%</u>
<b>Other comprehensive income (loss)</b>				
Foreign currency translation gain (loss)	(14,442,878)	(16,222,996)	1,780,118	-11.0%
Comprehensive income (loss)	<u>(151,195,014)</u>	<u>(4,632,601)</u>	<u>(146,562,413)</u>	<u>3163.7%</u>
Basic weighted average shares outstanding	5,619,788	3,388,529	2,231,259	65.8%
Basic net earnings per share	<u>(24.33)</u>	<u>3.42</u>	<u>(27.75)</u>	<u>-811.4%</u>
Diluted weighted average shares outstanding	5,619,788	3,388,529	2,231,259	65.8%
Diluted net earnings per share	<u>(24.33)</u>	<u>3.42</u>	<u>(27.75)</u>	<u>-811.4%</u>



### *Net Sales*

Total net sales for the fiscal year ended June 30, 2020 were \$249,243,496, a decrease of \$45,077,307 or 15.3%, from \$294,320,803 for the fiscal year ended June 30, 2019. This decrease was principally a result of the negative impact on sales volumes due to the COVID-19 pandemic in the second half of fiscal year 2020, especially for Jinong's and Gufeng's net sales.

For the fiscal year ended June 30, 2020, Jinong's net sales decreased \$19,492,831, or 25.5%, to \$57,001,659 from \$76,494,490 for the fiscal year ended June 30, 2019. This decrease was mainly attributable to the decrease in Jinong's unit sales price during the last fiscal year. Jinong's revenue per ton was \$814 for the fiscal year ended June 30, 2020, a decrease of \$400 or 32.9% from \$1,214 for the fiscal year ended June 30, 2019.

For the fiscal year ended June 30, 2020, Gufeng's net sales were \$119,623,964, a decrease of \$16,661,272, or 12.2% from \$136,285,236, for the fiscal year ended June 30, 2019. The decrease was mainly attributable to the decrease in Gufeng's sales volume during the last fiscal year due to the negative impacts of COVID-19. Gufeng sold 356,973 tons product during the fiscal year 2020, a decrease of 32,571 tons or 8.4% comparing with 389,544 tons for fiscal year 2019.

For the fiscal year ended June 30, 2020, Yuxing's net sales were \$9,227,113, a decrease of \$873,938, or 8.7%, from \$10,101,051 for the fiscal year ended June 30, 2019. The decrease was mainly attributable to the decrease in market demand and the effects of COVID-19 pandemic during the fiscal year 2020.

For the fiscal year ended June 30, 2020, VIEs' net sales were \$63,390,760, a decrease of \$8,049,266 or 11.3%, from \$71,440,026 for the fiscal year ended June 30, 2019. The decrease was due primarily to lower Xinyulei's net sales, partially offset by higher Xiangrong and Fengnong's net sales.

### *Cost of Goods Sold*

Total cost of goods sold for the fiscal year ended June 30, 2020 was \$204,492,918, a decrease of \$25,185,205, or 11.0%, from \$229,678,123 for the fiscal year ended June 30, 2019. This decrease was due primarily to lower cost of goods sold for Gufeng and VIEs.

Cost of goods sold by Jinong for the fiscal year ended June 30, 2020 was \$37,730,361, a decrease of \$1,232,391, or 3.2%, from \$38,962,752, for the fiscal year ended June 30, 2019. The decrease in cost of goods was mainly due to the decrease in Jinong's net sales during the fiscal year 2020.

Cost of goods sold by Gufeng for the fiscal year ended June 30, 2020 was \$105,203,118, a decrease of \$15,166,283, or 12.6%, from \$120,369,401, for the fiscal year ended June 30, 2019. This decrease was primarily due to a decrease in its sales volume during the fiscal year 2020.

For year ended June 30, 2020, cost of goods sold by Yuxing was \$7,935,849, a decrease of \$695,695, or 8.1%, from \$8,631,544 for the fiscal year ended June 30, 2019. This decrease was mainly due to the decrease in Yuxing's net sales during the fiscal year 2020.

Cost of goods sold by the sales VIEs for the fiscal year ended June 30, 2020 was \$53,623,590, a decrease of \$8,090,836, or 13.1%, from \$61,714,426, for the fiscal year ended June 30, 2019. This decrease was primarily due to Xinyulei, partially offset by Xiangrong and Fengnong.

### *Gross Profit*

Total gross profit for the fiscal year ended June 30, 2020 decreased by \$19,892,102 to \$44,750,578, as compared to \$64,642,680 for the fiscal year ended June 30, 2019. Gross profit margin was 18.0% and 22.0% for the fiscal years ended June 30, 2020 and 2019, respectively.

Gross profit generated by Jinong decreased by \$18,260,440, or 48.7%, to \$19,271,298 for the fiscal year ended June 30, 2020 from \$37,531,738 for the fiscal year ended June 30, 2019. Gross profit margin from Jinong's sales was approximately 33.8% and 49.1% for the fiscal years ended June 30, 2020 and 2019, respectively. The decrease in gross profit margin was mainly due to higher product costs and lower unit sales.

For the fiscal year ended June 30, 2020, gross profit generated by Gufeng was \$14,420,846, a decrease of \$1,494,989, or 9.4%, from \$15,915,835 for the fiscal year ended June 30, 2019. Gross profit margin from Gufeng's sales was approximately 12.1% and 11.7% for the fiscal years ended June 30, 2020 and 2019, respectively. The decrease in gross profit margin was mainly due to lower net sales.

For the fiscal year ended June 30, 2020, gross profit generated by Yuxing was \$1,291,264, a decrease of \$178,243, or 12.1% from \$1,469,507 for the fiscal year ended June 30, 2019. The gross profit margin was approximately 14.0% and 14.5% for the fiscal years ended June 30, 2020 and 2019, respectively. The decrease in gross profit percentage was mainly due to higher product costs and lower unit sales.

Gross profit generated by VIEs increased by \$41,570, or 0.4%, to \$9,767,170 for the fiscal year ended June 30, 2020 from \$9,725,600 for the fiscal

year ended June 30, 2019. Gross profit margin from VIE's sales was approximately 15.4% and 13.6% for the fiscal year ended June 30, 2020 and 2019, respectively.

### *Selling Expenses*

Our selling expenses consisted primarily of salaries of sales personnel, advertising and promotion expenses, freight-out costs and related compensation. Selling expenses were \$13,900,315, or 5.6%, of net sales for the fiscal year ended June 30, 2020, as compared to \$23,266,121, or 7.9% of net sales, for the fiscal year ended June 30, 2019, a decrease of \$9,365,806, or 40.3%. The selling expenses of Jinong for the fiscal year ended June 30, 2020 were \$12,405,107, or 21.8% of Jinong's net sales, as compared to selling expenses of \$20,869,761, or 27.3% of Jinong's net sales for the fiscal year ended June 30, 2019. The decrease in Jinong's selling expenses was due to Jinong's further shrunken marketing efforts, which led to the decrease in shipping costs and packaging cost. The selling expenses of Yuxing were \$48,147, or 0.5% of Yuxing's net sales for the fiscal year ended June 30, 2020, as compared to \$59,541, or 0.6%, of Yuxing's net sales for the fiscal year ended June 30, 2019. The selling expenses of Gufeng were \$293,841, or 0.2% of Gufeng's net sales for the fiscal year ended June 30, 2020, as compared to \$412,377, or 0.3% of Gufeng's net sales for the fiscal year ended June 30, 2019. The selling expenses of VIEs were \$1,153,220, or 1.8%, of VIEs' net sales for the fiscal year ended June 30, 2020, as compared to \$1,924,441, or 2.7%, of VIEs' net sales for the fiscal year ended June 30, 2019.

### *Selling Expenses – amortization of deferred assets*

Our selling expenses - amortization of our deferred assets were 0 for the fiscal year ended June 30, 2020 and 2019. All the deferred assets were fully amortized and therefore no amortization was recorded on the fully amortized assets for the fiscal year ended June 30, 2020.

### *General and Administrative Expenses*

General and administrative expenses consisted primarily of related salaries, rental expenses, business development, depreciation and travel expenses incurred by our general and administrative departments and legal and professional expenses, including expenses incurred and accrued for certain litigation. General and administrative expenses were \$165,022,621, or 66.2% of net sales for the fiscal year ended June 30, 2020, as compared to \$22,571,811, or 7.7%, of net sales for the fiscal year ended June 30, 2019, an increase of \$142,450,809, or 631.1%. The increase in general and administrative expenses was mainly due to higher bad debts expense. The fierce competition in the fertilizer market caused the decline of domestic agricultural product unit sales price. With the impact of COVID-19 pandemic, the overdue outstanding accounts receivable increased significantly comparing with the previous years. Numerous distributors encountered significant difficulties and/or hardships in their businesses amid the pandemic. The company accrued bad debts expense based on the principle of conservatism, which increased the General and Administrative Expenses.

Besides, Gufeng suffered from product damage and quality problems for the fiscal year ended June 30, 2020. After internal discussion, we had agreement with dealers to confirm some accounts receivable as bad debts, therefore the General and Administrative Expenses increased accordingly. Gufeng had \$131,953,344 of general and administrative expenses for the fiscal year ended June 30, 2020, an increase of \$130,526,541, or 9148.2%, as compared to \$1,426,803 of general and administrative expenses for the fiscal year ended June 30, 2019.

### *Total Other Expenses*

Total other expenses consisted of income from subsidies received from the PRC government, interest income, interest expenses and bank charges. Total other expense for the fiscal year ended June 30, 2020 was \$234,851, as compared to \$717,013 for the fiscal year ended June 30, 2019, a decrease in expense of \$482,163, or 67.2%. The decrease in total other expense mainly resulted from a decrease in accretion expense by \$370,036 or 89.9%, to \$41,707 during the year ended June 30, 2020, as compared to \$411,743 during the year ended June 30, 2019. Accretion expense decreased due primarily to the expiration of convertible notes on December 2019 and no accretion expense for the second half of fiscal year 2020.

### *Income Taxes*

Jinong is subject to a preferred tax rate of 15% because of its business being classified as a High-Tech project under the PRC Enterprise Income Tax Law ("EIT") that became effective on January 1, 2008. Jinong has income tax expense of \$(2,721,559) for the fiscal year ended June 30, 2020 due to net loss, as compared to \$1,045,593 for the fiscal year ended June 30, 2019, a decrease of \$3,767,152 or 360.3%.

Gufeng is subject to a tax rate of 25%, and has income tax expense of \$(29,485,768) for the fiscal year ended June 30, 2020 due to net loss, as compared to \$3,482,862 for the fiscal year ended June 30, 2019, a decrease of \$32,968,630, or 946.6%.

Yuxing has no income tax for the years ended June 30, 2020 and 2019 because it is exempted from paying income tax due to its products falling into the tax exemption list set out in the EIT.

### *Net Income (Loss)*

Net income (loss) for the fiscal year ended June 30, 2020 was \$(136,752,136), a decrease of \$148,342,531, or 1279.9%, compared to \$11,590,395 for the fiscal year ended June 30, 2019. The decrease was mainly due to the significantly increase in General and administrative expense with amount of \$142,450,809. Net income (loss) as a percentage of total net sales was approximately -54.9% and 3.9 % for the fiscal years ended June 30, 2020 and 2019, respectively.

### **Discussion of Segment Profitability Measures**



As of June 30, 2020, we were engaged in the following businesses: the production and sale of fertilizers through Jinong and Gufeng, the production and sale of high-quality agricultural products by Yuxing, and the sales of agriculture materials by the sales VIEs. For financial reporting purpose, our operations were organized into four main business segments based on locations and products: Jinong (fertilizer production), Gufeng (fertilizer production) and Yuxing (agricultural products production) and the sales VIEs. Each of the segments has its own annual budget about development, production and sales.

Each of the four operating segments referenced above has separate and distinct general ledgers. The chief operating decision maker (“CODM”) makes decisions with respect to resources allocation and performance assessment upon receiving financial information, including revenue, gross margin, operating income and net income produced from the various general ledger systems; however, net income by segment is the principal benchmark to measure profit or loss adopted by the CODM.

For Jinong, net income decreased 360.3%, by \$21,347,191 to \$(15,422,166) for the year ended June 30, 2020, from \$5,925,025 for the fiscal year ended June 30, 2019. The difference was due to the decrease in net sales and increase in general and administrative expenses.

For Gufeng, net income decreased by \$95,855,135 or 1336.4% to \$(88,682,298) for the year ended June 30, 2020 from \$7,172,837 for year ended June 30, 2019. The difference was primarily due to higher general and administrative expenses.

For Yuxing, net income increased 112.4%, by \$3,861,616, to \$425,957 for the year ended June 30, 2020 from \$(3,435,659) for year ended June 30, 2019. The increase of net income was mainly due to lower general and administrative expense.

For the sales VIEs, the net income was \$2,153,503 for year ended June 30, 2020, increased by \$1,424,480 or 195.4%, from \$729,023 for year ended June 30, 2019. The increase was mainly due to higher selling expenses of VIEs.

### Liquidity and Capital Resources

Our principal sources of liquidity include cash from operations, borrowings from local commercial banks and net proceeds of offerings of our securities consummated in July 2009 and November/December 2009 (collectively the “Public Offerings”).

As of June 30, 2020, cash and cash equivalents were \$11,934,778, a decrease of \$60,325,026, or 83.5%, from \$72,259,804 as of June 30, 2019.

We intend to use some of the remaining net proceeds from the Public Offerings, as well as other working capital if required, to acquire new businesses, upgrade production lines and complete Yuxing’s new greenhouse facilities for agriculture products located on 88 acres of land in Hu County, 18 kilometers southeast of Xi’an city. Yuxing purchased a set of agricultural products testing equipment for the year of 2016. We believe that we have sufficient cash on hand and positive projected cash flow from operations to support our business growth for the next twelve months to the extent we do not have further significant acquisitions or expansions. However, if events or circumstances occur and we do not meet our operating plan as expected, we may be required to seek additional capital and/or to reduce certain discretionary spending, which could have a material adverse effect on our ability to achieve our business objectives. Notwithstanding the foregoing, we may seek additional financing as necessary for expansion purposes and when we believe market conditions are most advantageous, which may include additional debt and/or equity financings. There can be no assurance that any additional financing will be available on acceptable terms, if at all. Any equity financing may result in dilution to existing stockholders and any debt financing may include restrictive covenants.

The following table sets forth a summary of our cash flows for the periods indicated:

	<b>Year Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
Net cash provided by (used in) operating activities	\$ (66,196,484)	\$ (71,410,847)
Net cash provided by (used in) investing activities	(97,483)	(47,395)
Net cash provided by (used in) financing activities	9,751,265	7,761,950
Effect of exchange rate change on cash and cash equivalents	(3,782,324)	(14,849,542)
Net increase (decrease) in cash and cash equivalents	(60,325,026)	(78,545,834)
Cash and cash equivalents, beginning balance	72,259,804	150,805,639
Cash and cash equivalents, ending balance	<u>\$ 11,934,778</u>	<u>\$ 72,259,804</u>

#### *Operating Activities*

Net cash used in operating activities was \$66,196,484 for the fiscal year ended June 30, 2020, a decrease of \$5,214,363, or 7.3% from cash provided by operating activities of \$71,410,847 for the fiscal year ended June 30, 2019. The decrease was mainly attributable to lower inventories as of June 30, 2020, comparing to June 30, 2019.

#### *Investing Activities*

Net cash used in investing activities for the fiscal year ended June 30, 2020 was \$97,483, an increase of \$50,088, or 105.7%, from cash used in

investing activities of \$47,395 for the fiscal year ended June 30, 2019. This increase was mainly attribute to more fixed assets purchase in 2020.

### Financing Activities

Net cash provided by financing activities for the fiscal year ended June 30, 2020 was \$9,751,265, an increase of \$1,989,315, or 25.6% from cash used in financing activities of \$7,761,950 for the fiscal year ended June 30, 2019. The increase was mainly due to the proceeds from the sale of common stock with total amount of \$10,252,000. During the year ended June 30, 2020, we received \$3,537,500 from the proceeds from loans compared to \$3,640,000 of proceeds from loans for the fiscal year ended June 30, 2019. During the year ended June 30, 2020, we repaid \$3,575,500 loans compared to \$4,557,280 of loans repayment for the fiscal year ended June 30, 2019. During the year ended June 30, 2020, we repaid \$1,110,735 convertible notes by cash compared to 0 payment for the fiscal year ended June 30, 2019.

As of June 30, our loans payable was as follows:

	<u>2020</u>	<u>2019</u>
Short term loans payable:	\$ 3,537,500	\$ 3,640,000
Total	<u>\$ 3,537,500</u>	<u>\$ 3,640,000</u>

### Accounts Receivable

We had accounts receivable of \$144,159,526 as of June 30, 2020, as compared to \$178,705,570 as of June 30, 2019, a decrease of \$34,546,044 or 19.3%. As of June 30, 2020, Gufeng had accounts receivable of \$49,567,960, a decrease of \$35,864,203, or 42.0%, compared to \$85,432,163 as of June 30, 2019. As of June 30, 2020, VIEs had accounts receivable of \$45,997,247, an increase of \$6,369,977, or 16.1%, compared to \$39,627,270 as of June 30, 2019.

Allowance for doubtful accounts in accounts receivable for the fiscal year ended June 30, 2020 was \$38,466,200, an increase of \$4,950,790 or 14.8% from \$33,515,410 as of June 30, 2019. And the allowance for doubtful accounts as a percentage of accounts receivable was 26.7% as of June 30, 2020 and 18.8% as of June 30, 2019. The impact of COVID-19 caused the difficulty of accounts receivable collection, resulting in higher allowance for doubtful accounts of the company,

### Deferred Assets

We had no deferred assets as of June 30, 2020 and 2019. During the twelve months, we assisted the distributors in certain marketing efforts and developing standard stores to expand our competitive advantage and market shares. Based on the distributor agreements, the amount owed by the distributors in certain marketing efforts and store development will be expensed over three years if the distributors are actively selling our products. If a distributor defaults, breaches, or terminates the agreement with us earlier than the contractual terms, the unamortized portion of the amount owed by the distributor is payable to us immediately. The deferred assets had been fully amortized as of June 30, 2020.

### Income Taxes

The Company accounts for income taxes in accordance with ASC 740, Income Taxes, which requires the Company to use the assets and liability method of accounting for income taxes. Under the assets and liability method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between financial statement carrying amounts and the tax bases of existing assets and liabilities and operating loss and tax credit carry forward. Under this accounting standard, the effect on deferred income taxes of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recognized if it is more likely than not that some portion, or all, a deferred tax asset will not be realized.

ASC 740-10, Accounting for Uncertainty in Income Taxes defines uncertainty in income taxes and the evaluation of a tax position is a two-step process. The first step is to determine whether it is more likely than not that a tax position will be sustained upon examination, including the resolution of any related appeals or litigation based on the technical merits of that position. The second step is to measure a tax position that meets the more-likely-than-not threshold to determine the amount of benefit to be recognized in the financial statements. A tax position is measured at the largest amount of benefit that is greater than 50 percent likelihood of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent period in which the threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not criteria should be de-recognized in the first subsequent financial reporting period in which the threshold is no longer met.

### Inventories

We had inventories of \$98,921,081 as of June 30, 2020, compared to \$162,013,889 as of June 30, 2019, a decrease of \$63,092,808, or 38.9%. The principal reason for the decrease is due to the decrease of Gufeng's inventory. As of June 30, 2020, Gufeng's inventory was \$75,129,594, compared to \$141,210,160 as of June 30, 2019, a decrease of \$66,080,566, or 46.8%. In the second and third quarters of fiscal year 2020, the bad weather lasted a long time in Pinggu, which is a mountainous area where Gufeng locates. The frequent rainfall and snowfall caused damage to Gufeng's warehouse. As a result, the inventories were seriously damaged. After comprehensive consideration and evaluation, the company confirmed the loss of \$11 million of raw materials in the second and third quarters of fiscal year 2020.

### Advances to Suppliers

We had advances to suppliers of \$65,081,818 as of June 30, 2020, comparing to \$32,713,817 as of June 30, 2019, representing an increase of \$32,368,001, or 98.9%. Our inventory level may fluctuate from time to time, depending how fast the raw material is consumed and replenished during the production process, and how fast the finished goods are sold. The replenishment of raw material relies on the management's estimate of numerous factors, including but not limited to, the raw materials future price, and spot price along with their volatility, as well as the seasonal demand and future price of finished fertilizer products. Such estimate may not be accurate, and the purchase decision of raw materials based on the estimate can cause excessive inventories in slow sales and insufficient inventories in peak times.

### *Accounts Payable*

We had accounts payable of \$17,719,093 as of June 30, 2020 as compared to \$19,004,548 as of June 30, 2019, representing a decrease of \$1,285,455, or 6.8%. The decrease was primarily due to lower accounts payable for VIEs. It has account payable of \$16,315,837 as of June 30, 2020, comparing to \$17,073,229 as of June 30, 2019, representing a decrease of \$757,392, or 4.4%.

### *Unearned Revenue (Customer Deposit)*

We had unearned revenue of \$7,342,590 as of June 30, 2020, comparing to \$6,514,619 as of June 30, 2019, representing an increase of \$827,971, or 12.7%. The increase was mainly attributable to Gufeng's \$5,611,017 unearned revenue as of June 30, 2020, comparing to \$4,668,972 unearned revenue as of June 30, 2019, representing an increase of \$942,045, or 20.2%, caused by the advancement of deposits made by client. We expect to deliver products to our customers during the next three months at which time we will recognize the revenue.

### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements.

### **Critical Accounting Policies and Estimates**

Management's discussion and analysis of its financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with United States generally accepted accounting principles. Our financial statements reflect the selection and application of accounting policies which require management to make significant estimates and judgments. See Note 2 to our consolidated financial statements, "Basis of Presentation and Summary of Significant Accounting Policies." We believe that the following paragraphs reflect the most critical accounting policies that currently affect our financial condition and results of operations:

#### *Use of estimates*

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the amount of revenues and expenses during the reporting periods. Management makes these estimates using the best information available at the time the estimates are made. However, actual results and outcomes may differ from management's estimates and assumptions due to risks and uncertainties, including uncertainty in the current economic environment due to the recent outbreak of COVID-19.

#### *Revenue recognition*

Sales revenue is recognized at the date of shipment to customers when a formal arrangement exists, the price is fixed or determinable, the delivery is completed, we have no other significant obligations and collectability is reasonably assured. Payments received before all the relevant criteria for revenue recognition are satisfied are recorded as unearned revenue.

Our revenue consists of invoiced value of goods, net of a value-added tax (VAT). No product return or sales discount allowance is made as products delivered and accepted by customers are normally not returnable and sales discounts are normally not granted after products are delivered.

#### *Cash and cash equivalents*

For statement of cash flows purposes, we consider all cash on hand and in banks, certificates of deposit and other highly-liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents.

#### *Accounts receivable*

Our policy is to maintain reserves for potential credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Any accounts receivable of Jinong and Gufeng that are outstanding for more than 180 days will be accounted as allowance for bad debts, and any accounts receivable of Yuxing that are outstanding for more than 90 days will be accounted as allowance for bad debts.

#### *Assets held for sale*

Assets held for sale represent certain equipment from our Jintai facility that has been relocated. The carrying amount of the assets held for sale equals the fair value of the assets less disposal costs. These assets were sold prior to June 30, 2020.

### *Deferred assets*

Deferred assets represent amounts the Company advanced to the distributors in their marketing and stores development to expand our competitive advantage and market shares. Based on the distributor agreements, the amount owed by the distributors in certain marketing efforts and store development will be expensed over three years if the distributors are actively selling our products. If a distributor defaults, breaches, or terminates the agreement with us earlier than the realization of the contractual terms, the unamortized portion of the amount owed by the distributor is to be refunded to us immediately. The deferred assets had been fully amortized as of June 30, 2020.

### *Segment reporting*

FASB ASC 280 requires use of the “management approach” model for segment reporting. The management approach model is based on the way a company’s management organizes segments within the company for making operating decisions and assessing performance. Reportable segments are based on products and services, geography, legal structure, management structure, or any other way management disaggregates a company.

As of June 30, 2020, we were organized into ten main business units: Jinong (fertilizer production), Gufeng (fertilizer production), Yuxing (agricultural products production), Lishijie (agriculture sales), Jinyanguang (agriculture sales), Wangtian (agriculture sales), Xindeguo (agriculture sales), Xinyulei (agriculture sales), Fengnong (agriculture sales) and Xiangrong (agriculture sales). For financial reporting purpose, our operations were organized into four main business segments based on locations and products: Jinong (fertilizer production), Gufeng (fertilizer production) and Yuxing (agricultural products production) and the sales VIEs. Each of the segments has its own annual budget regarding development, production, and sales.

## **Item 7a. Quantitative and Qualitative Disclosures About Market Risks**

### ***Disclosures about Market Risk***

We may be exposed to changes in financial market conditions in the normal course of business. Market risk generally represents the risk that losses may occur because of movements in interest rates and equity prices. We currently do not, in the normal course of business, use financial instruments that are subject to changes in financial market conditions.

### ***Currency Fluctuations and Foreign Currency Risk***

Substantially all our revenues and expenses are denominated in RMB. However, we use the U.S. dollar for financial reporting purposes. Conversion of RMB into foreign currencies is regulated by the People’s Bank of China through a unified floating exchange rate system. Although the PRC government has stated its intention to support the value of RMB, there can be no assurance that such exchange rate will not again become volatile or that RMB will not devalue significantly against U.S. dollar. Exchange rate fluctuations may adversely affect the value, in U.S. dollar terms, of our net assets and income derived from our operations in the PRC.

Our reporting currency is the U.S. dollar. Except for U.S. holding companies, all our consolidated revenues, consolidated costs and expenses, and our assets are denominated in RMB. As a result, we are exposed to foreign exchange risk as our revenues and results of operations may be affected by fluctuations in the exchange rate between U.S. dollars and RMB. If RMB depreciates against the U.S. dollar, the value of our RMB revenues, earnings and assets as expressed in our U.S. dollar financial statements will decline. Assets and liabilities are translated at the exchange rates as of the balance sheet dates, revenues and expenses are translated at the average exchange rates, and shareholders’ equity is translated at historical exchange rates. Any resulting translation adjustments are not included in determining net income but are included in determining other comprehensive income, a component of shareholders’ equity. As of June 30, 2020, our accumulated other comprehensive income was \$(34) million. We have not entered any hedging transactions to reduce our exposure to foreign exchange risk. The value of RMB against the U.S. dollar and other currencies is affected by, among other things, changes in the PRC’s political and economic conditions. Between July 1, 2019 and June 30, 2020, China’s currency decreased by a cumulative 3.0% against the U.S. dollar. The effect on trade can be substantial. Moreover, it is possible that, in the future, PRC authorities may lift restrictions on fluctuations in RMB exchange rate and lessen intervention in the foreign exchange market.



### ***Interest Rate Risk***

We deposit surplus funds with Chinese banks earning daily interest. We do not invest in any instruments for trading purposes. All our outstanding debt instruments carry fixed rates of interests. The amount of short-term debt outstanding as of June 30, 2020 and June 30, 2019 was \$3.5 million and \$3.6 million, respectively. We are exposed to interest rate risk primarily with respect to our short-term bank loans. Although the interest rates, which are based on the banks' prime rates with respect to our short-term loans, are fixed for the terms of the loans, the terms are typically three to twelve months for short-term bank loans and interest rates are subject to change upon renewal. There were no material changes in interest rates for short-term bank loans renewed during the fiscal year ended June 30, 2020. The original loan term on average is one year, and the remaining average life of the short term-loans is twelve months.

Management monitors the banks' prime rates in conjunction with our cash requirements to determine the appropriate level of debt balances relative to other sources of funds. We have not entered any hedging transactions to reduce our exposure to interest rate risk.

### ***Credit Risk***

We have not experienced significant credit risk, as most of our customers are long-term customers with superior payment records. Our receivables are monitored regularly by our credit managers.

### ***Inflation Risk***

Inflationary factors such as increases in the cost of our products and overhead costs may adversely affect our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of gross margin and selling, general and administrative expenses as a percentage of net revenues if the selling prices of our products do not increase with these increased costs.

### ***Risk of epidemics, pandemics, or other outbreaks***

The outbreak of COVID-19 has adversely affected, and in the future it or other epidemics, pandemics or outbreaks may adversely affect, our operations. This is or may be due to closures or restrictions requested or mandated by governmental authorities, disruption to supply chains and workforce, reduction of demand for our products and services, and credit losses when customers and other counterparties fail to satisfy their obligations to us. We share most of these risks with all businesses.

In addition, the COVID-19 outbreak has significantly increased economic and demand uncertainty. The current outbreak and continued spread of COVID-19 may cause a global recession, which would have a further adverse impact on our financial condition and operations, and this impact could exist for an extensive period.

The Company is continuing to monitor the situation and take appropriate actions in accordance with the recommendations and requirements of relevant authorities. The full extent of the impact of the COVID-19 pandemic on the Company's operational and financial performance is currently uncertain and will depend on many factors outside the Company's control, including, without limitation, the timing, extent, trajectory and duration of the pandemic, the development and availability of effective treatments and vaccines, the imposition of protective public safety measures, and the impact of the pandemic on the global economy and demand for consumer products.

Additional future impacts on the Company may include, but are not limited to, material adverse effects on: demand for the Company's products and services; the Company's supply chain and sales and distribution channels; the Company's ability to execute its strategic plans; and the Company's profitability and cost structure. To the extent the COVID-19 pandemic adversely affects the Company's business, results of operations, financial condition, and stock price, it may also have the effect of heightening many of the other risks described above.

### **Item 8. Financial Statements and Supplementary Data**

Balance sheets, as of June 30, 2020 and 2019, and statements of operations, stockholders' equity and cash flows for each of the two years in the period ended June 30, 2020 and 2019, together with the related notes and the reports of our independent registered public accounting firms, are set forth on the "F" pages of this report.

### **Item 9. Changes in and Disagreements with Accountants On Accounting and Financial Disclosure**

Not applicable.



## Item 9A. Controls and Procedures

### Disclosure Controls and Procedures

Pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 (“Exchange Act”), at the conclusion of the fiscal year ended June 30, 2020 we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by this Report, our disclosure controls and procedures were effective and adequately designed to ensure that the information required to be disclosed by us in the reports we submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms and that such information was accumulated and communicated to our Chief Executive Officer and Chief Financial Officer, in a manner that allowed for timely decisions regarding required disclosure.

**Management Report on Internal Control Over Financial Reporting** Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Any system of internal control, no matter how well designed, has inherent limitations, including the possibility that a control can be circumvented or overridden and misstatements due to error or fraud may occur and not be detected in a timely manner. Also, because of changes in conditions, internal control effectiveness may vary over time. Accordingly, even an effective system of internal control will provide only reasonable assurance with respect to financial statement preparation. In addition, the design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Therefore, any current evaluation of controls cannot and should not be projected to future periods.

Management assessed our internal control over financial reporting as of the year ended June 30, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission 2013 framework (COSO) in the report entitled “Internal Control-Integrated Framework.” The COSO framework summarizes each of the components of a company’s internal control system, including (i) the control environment, (ii) risk assessment, (iii) control activities, (iv) information and communication, and (v) monitoring.

Based on management’s assessment using the COSO criteria, management has concluded that the Company’s internal control over financial reporting was effective as of June 30, 2020 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

We are not required to have our internal control over financial reporting as of June 30, 2020 audited by our auditors because we are a smaller reporting company.

### *Changes in Internal Control over Financial Reporting*

There were no changes in the Company’s internal control over financial reporting that occurred during our last fiscal quarter ended June 30, 2020 that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

## Item 9B. Other Information

There is no other information required to be disclosed under this item which was not previously disclosed.

### PART III

#### **Item 10. Directors, Executive Officers and Corporate Governance**

Set forth below are the names of our directors, executive officers and significant employees of our company as of the date of this Form 10-K, their ages, all positions and offices that they hold with us, the periods during which they have served as such, and their business experience during at least the last five years.

<u>Name</u>	<u>Position with the Company</u>	<u>Age</u>	<u>Term as Director of Company</u>
Zhuoyu “Richard” Li	Chairman of the Board of Directors, Chief Executive Officer, President	28	2017 - Present
Yongcheng Yang	Chief Financial Officer	55	2017 - Present
Ale Fan	Director	40	2015 - Present
Daqing Zhu	Director Chairman of the Audit Committee Compensation Committee Member Nominating Committee Member	55	2017 - Present
Lianfu Liu	Director Chairman of the Nominating Committee Audit Committee Member Compensation Committee Member	81	2007 - Present
Jinjun Lu	Director Chairman of the Compensation Committee Audit Committee Member Nominating Committee Member	47	2017 - Present

Name	Position with the Company and Principal Occupations
Zhuoyu “Richard” Li	Chairman of the Board of Directors and Chief Executive Officer since 2017. Mr. Li was President of the Company until the death of his father, Tao Li, in December 2017, at which time he was appointed to serve as Chairman of the Board of Directors and Chief Executive Officer. Mr. Li has six years of experience in agricultural industry. Prior to joining the Company, Mr. Li has served as Chief Operating Officer at the Company’s affiliate, 900LH.com Food Co., Ltd. (“900LH.com”) since January 2016. From January 2015 to January 2016, Mr. Li served as a senior manager at the international department of 900LH.com, where he helped to develop the international market. Richard served as a senior manager at the customer center of 900LH.com from March 2013 through January 2015. He studied business at the University of Auckland in 2012. We believe Mr. Li’s practical experience from serving as President of the Company and with 900LH.com qualify him to serve as Chairman of the Board of Directors of the Company.
Yongcheng Yang	Chief Financial Officer. Mr. Yang has served as the Chief Financial Officer of our company since 2017. He served as Senior Vice President of Finance since January 2016. Before that, Mr. Yang served as the chief financial officer of the Company’s wholly-owned subsidiary, Beijing Gufeng Chemical Products Co., Ltd. (“Gufeng”) since July 2010. Earlier, Mr. Yang had served various senior, and executive level positions in finance for the Company and the Company’s affiliate, Xi’an Techteam Investment Holding (Group) Co., Ltd, since 2002. Mr. Yang started his career in accounting and finance at Shaanxi Weidong Chemistry Co., Ltd from 1989 to 2002. Mr. Yang graduated from Xi’an Jiaotong University in 1989 with his bachelor’s degree in accounting.
Ale Fan	Director. Ms. Fan had served as a Director of our company since 2015 and a Director of Finance at Jinong since January 2013. Ms. Fan had served as the deputy Director of Finance at Jinong since January 2013. She has also served as comptroller of the financial department at Jinong from September 2007 to December 2012. Prior to that, she worked as an accountant at Jinong from August 2003. Ms. Fan holds a degree in Accounting from Baoji University of Arts and Sciences. We believe that Ms. Fan’s knowledge of the Company’s history and day-to-day operations and her experience in accounting and finance in the PRC qualify her to serve a director of our company.
Lianfu Liu	Director, Chairman of Nominating Committee, Audit Committee Member and Compensation Committee Member. Mr. Liu has served as a director of our company since December 26, 2007. Mr. Liu has served as the Chairman of the China Green Food Association since 1998. From 1992 to 1998, Mr. Liu was a Director and Senior Engineer for the China Green Food Development Center. Prior to that, Mr. Liu was a Vice Director of the PRC Ministry of Agriculture. Mr. Liu graduated from Beijing Forestry University and studied soil conservation. We believe Mr. Liu’s experience in the agricultural industry in the PRC allows him to bring a unique perspective as an independent director of our company.
Daqing Zhu	Director, Chairman of the Audit Committee, Compensation Committee Member and Nominating Committee Member. Mr. Zhu has served as the president of Shaanxi Aisuo Consulting Co. Ltd., a company specializing in providing professional management and finance services, since 2014. In 2004, Mr. Zhu founded Shaanxi Xintianyou Auto Dealership Co. Ltd, a dealership of auto sales and services for various brands, including BYD Auto, and had served as its CEO and Chairman of the Board until 2014. In addition to founding and developing commercial businesses, Mr. Zhu had also worked in the public sector since the 1990s. His public administration experience includes working at various agencies and offices of the Shaanxi provincial government from 1990 to 2004. Earlier in his career, in the 1980’s, Mr. Zhu was a corporate banking officer at Industrial and Commercial Bank of China in Xi’an. As the corporate leader with responsibility for all aspects of business management, Mr. Zhu has executive level experience in financial management, internal control, marketing to individuals and small businesses, sales, customer care, operations, product management, electronic commerce, financial services, executive compensation, strategic planning, technology, and mergers and acquisitions.
Jinjun Lu	Director, Chairman of Compensation Committee, Audit Committee Member and Nominating Committee Member. Mr. Lu is the co-founder of Shaanxi Jinfenghui Technology Co. Ltd (“Jinfenghui”) since he started in 2014. Drawing on years of entrepreneurial experience, Mr. Lu plans to grow Jinfenghui into one of the largest mobile terminal device manufacturers in northwestern China. At Jinfenghui, Mr. Lu oversees corporate growth plans, budgets capital expenditures, seeks investment funds, and designs marketing strategies for Jinfenghui products to penetrate target markets. Before founding Jinfenghui, in 1998 he founded Xinjiang Yongan Engineering Co. Ltd in Xinjiang Uyghur Autonomous Region, a provincial-level autonomous region of China in the northwest of the country. Earlier in the 1990s, Mr. Lu began his entrepreneurship career as a distributor for Lining-branded garment products in Henan Province, which he grew into the largest wholesale venture for Lining in the region. As a founder of several enterprises and a seasoned entrepreneur, Mr. Lu not only has executive experience in strategic management, marketing and sales, and technology, but also brings his experience as a founder from different industries.

All directors of our company hold office until the next annual meeting of our shareholders or until their successors have been elected and qualified. The executive officers of our company are appointed by our board of directors and hold office until their death, resignation, or removal from office.

## **Family Relationships**

There is no family relationship among any of our officers or directors.

## **Involvement in Certain Legal Proceedings**

To the best of our knowledge, none of our directors or executive officers was involved in any legal proceedings during the last 10 years as described in Item 401(f) of Regulation S-K.

## **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than 10% of a registered class of our equity securities (“Reporting Persons”), to file reports of ownership and changes in ownership with the SEC. The Reporting Persons are also required to furnish us with copies of all such reports. Based solely on our review of the reports received by us, we believe that, during the year ended June 30, 2020, our directors, executive officers and holders of ten percent (10%) or more of our common stock complied with Section 16(a) filing requirements applicable to them.

## **Code of Ethics**

We have adopted a Code of Ethics that applies to all our employees and officers, and the members of our Board of Directors, which was amended and restated in 2010. The Amended and Restated Code of Ethics (the “Code of Ethics”) is available on our website at [www.cgagri.com](http://www.cgagri.com). Printed copies are available upon request without charge. Any amendment to or waiver of the Code of Ethics will be disclosed on our website promptly following the date of such amendment or waiver.

## **Audit Committee**

The Audit Committee is responsible for: (i) overseeing the corporate accounting and financial reporting practices; (ii) recommending the selection of our registered public accounting firm; (iii) reviewing the extent of non-audit services to be performed by the auditors; and (iv) reviewing the disclosures made in our periodic financial reports. The members of the Audit Committee are Messrs. Daqing Zhu, Lianfu Liu, and Jinjun Lu, each of whom is an independent director within the meaning of the rules of the NYSE and Rule 10A-3 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In addition, the Board has determined that Ms. Zhu qualifies as an Audit Committee Financial Expert under applicable SEC Rules. The Chairman of the Audit Committee is Mr. Zhu. The Audit Committee held four meetings during the fiscal year ended June 30, 2020. The Audit Committee carries out its responsibilities in accordance with the terms of its Audit Committee Charter, a copy of which was attached as Annex A to our Definitive Proxy Statement on Schedule 14A for our 2010 Annual Meeting, filed with the SEC on October 28, 2010, and is also available on our website at [www.cgagri.com](http://www.cgagri.com).

## **Compensation Committee**

The Compensation Committee determines matters pertaining to the compensation of executive officers and other significant employees, and administers our stock and incentive plans. The members of the Compensation Committee are Messrs. Jinjun Lu, Lianfu Liu and Daqing Zhu. The Chairman of the Compensation Committee is Ms. Lu. The Compensation Committee held one meeting during the fiscal year ended June 30, 2020. Each of the members of the Compensation Committee is a “non-employee director” within the meaning of Rule 16b-3 under the Exchange Act, and an “outside director” within the meaning of Section 162(m) under the Internal Revenue Code. The Compensation Committee carries out its responsibilities pursuant to a written charter, a copy of which was attached as Annex C to our Definitive Proxy Statement on Schedule 14A for our 2009 annual meeting, filed with the SEC on October 28, 2009, and is also available on our website at [www.cgagri.com](http://www.cgagri.com).

## **Nominating Committee**

The Nominating Committee identifies and nominates candidates to serve on our Board. The members of the Nominating Committee are Messrs. Jinjun Lu, Lianfu Liu and Daqing Zhu. The Chairman of the Nominating Committee is Mr. Lu. The Nominating Committee held one meeting during the fiscal year ended June 30, 2020. A copy of our Nominating Committee Charter was attached as Annex B to our Definitive Proxy Statement on Schedule 14A for our 2010 annual meeting, filed with the SEC on October 28, 2010, and is also available on our website at [www.cgagri.com](http://www.cgagri.com). See “Director Nominations” below for the procedures for the nomination of directors.

## **Board Leadership Structure and Board’s Role in the Oversight of Risk Management**

Our Board believes it is important to select our Chairman and our Chief Executive Officer in the manner it considers in the best interests of our company at any given point in time. Due to Mr. Li and his family’s influence in the industry, our Board has determined that the most effective leadership structure for our company is for Mr. Li to serve as both our Chairman and Chief Executive Officer. Our Board benefits from the Chairman having direct knowledge of the operations of, and opportunities and challenges facing, our business on a regular and company-wide basis. Mr. Li’s combined role as Chairman and Chief Executive Officer fosters greater communication between the Board and management and provides unified leadership for carrying out our company’s strategic initiatives and business plans.

To counterbalance the potential for ineffective Board oversight, we have adopted a governance structure that includes: (i) a designated lead independent director; (ii) annual elections of directors by most votes cast at the annual meeting of shareholders; (iii) committees composed entirely of independent directors; and (iv) established corporate governance and ethics guidelines. Our Board appointed Mr. Daqing Zhu to serve as the Board’s lead independent director. The lead independent director acts as an intermediary between the Board and senior management. Among other things, the lead independent director is responsible for facilitating communication among directors and between the Board and the Chief Executive Officer, working with the Chief Executive Officer to provide an appropriate information flow to the Board, and chairing executive sessions of the independent directors. Executive sessions of our independent directors occur following regularly scheduled quarterly audit committee meetings, and at such other times as the independent directors deem appropriate. However, the Board recognizes that circumstances may change over time and as they do, changes to the leadership structure may be warranted.

The Board has an active role, directly and through its committees, in the oversight of our risk management efforts. The Board carries out this oversight role through several levels of review. The Board regularly reviews and discusses with members of management information regarding the management of risks inherent in the operations of our businesses and the implementation of our strategic plan, including our risk mitigation efforts.

In accordance with corporate governance standards of the NYSE, the Audit Committee charter assigns to that committee the responsibility to review our policies and practices with respect to risk assessment and risk management, including major financial risk exposures, and the steps management has taken to monitor and control such exposures. Additionally, each of the Board’s committees also oversees the management of our risks that are under each committee’s areas of responsibility. For example, the Audit Committee oversees management of accounting, auditing, external reporting, internal controls, and cash investment risks. The Nominating Committee oversees our compliance policies, Code of Conduct, conflicts of interests, director independence and corporate governance policies. The Compensation Committee oversees risks arising from compensation practices and policies. In this manner, the Board can coordinate its risk oversight.



## Director Nominations

The Nominating Committee recommends director candidates and will consider for such recommendation director candidates proposed by management, other directors, and stockholders. All director candidates will be evaluated based on the criteria identified below, regardless of the identity of the individual or the entity or person who proposed the director candidate.

The selection of director nominees includes consideration of factors deemed appropriate by the Corporate Governance and Nominating Committee and the Board. We may engage a firm to assist in identifying, evaluating, and conducting due diligence on potential board nominees. Factors will include integrity, achievements, judgment, intelligence, personal character, any prior contact or relationship between a candidate and a current or former director or officer of our company, the interplay of the candidate's relevant experience with the experience of other Board members, the willingness of the candidate to devote adequate time to Board duties and the likelihood that he or she will be willing and able to serve on the Board for a sustained period. The Corporate Governance and Nominating Committee will consider the candidate's independence, as defined by the rules of the SEC and the NYSE. Relating to the selection, due consideration will be given to the Board's overall balance of diversity of perspectives, backgrounds, and experiences. Experience, knowledge, and skills to be represented on the Board include, among other considerations, financial expertise (including an "audit committee financial expert" within the meaning of the SEC's rules), financing experience, related industry experience, strategic planning, business development, and community leadership.

## Item 11. Executive Compensation

### Compensation Discussion and Analysis

#### Overview

This section contains a discussion of the material elements of compensation awarded to, earned by or paid to our principal executive officer, our principal financial officer, and our other executive officers whose total compensation exceeded \$100,000 during the fiscal year ended June 30, 2020. Accordingly, our "Named Executive Officers" are Mr. Zhuoyu Li, our Chairman, and Chief Executive Officer and Mr. Yongcheng Yang, our Chief Financial Officer.

Our Board established the Compensation Committee to assist with the analysis and determination of the compensation structure for our executive officers. Our Compensation Committee, consisting of three independent directors, reviews and approves, or in some cases recommends for the approval of the full Board, the annual compensation for our executive officers. Typically, management recommends to the Compensation Committee compensation package proposals based on prevailing compensation standards in our industry, which in turn reviews and approves such proposals. Our Compensation Committee may consult with the executive officers to form consensus on such packages. Our executive officers may discuss any disagreements and needed amendment to such proposals with our Compensation Committee before such proposals are finalized and approved by the Compensation Committee.

#### Compensation Objectives

Our compensation objectives are as follows:

- We strive to provide competitive executive compensation programs that will help to attract highly qualified individual's necessary for our continued growth. Once an executive is hired, our goal is to retain and motivate them to achieve higher levels of performance and be appropriately rewarded for that effort.
- Compensation and benefits are competitive with the local labor markets in which we compete, and focus also will be given to companies that operate in the agriculture, feed, and fertilizer industries. Peer companies will typically have annual revenues that are one-half to double that of us, for the purposes of compensation benchmarking.
- We provide an executive compensation package consisting of base salary, incentives (short term & long term), and benefits that are consistent with similar positions at our recognized competitors. Each component addresses individual and company performance with a focus on long-term profitable growth and shareholder return, competitive conditions, and our overall financial performance.
- All compensation programs are administered without regard to race, religion, national origin, color, sex, age, or disability, and adhere to all local laws and regulations.

## Elements of Compensation

### *Base Salary*

Our approach is to pay our executives a base salary that is competitive with those of other executive officers in similar positions and with similar responsibilities in our peer group of competitive companies. We believe that a competitive base salary is a necessary element of any compensation program that is designed to attract and retain talented and experienced executives. We also believe that attractive base salaries can motivate and reward executives for their overall performance.

### *Stock-Based Awards under the Equity Incentive Plan*

In addition to base salary, the other key component of executive compensation we provide to our Named Executive Officers is equity-based compensation. In October 2009, our Board adopted our 2009 Equity Incentive Plan (the “Plan”), which was approved by our shareholders at our annual shareholders meeting in December 2009. The Plan gives us the ability to grant stock options, stock appreciation rights (SARs), restricted stock and other stock-based awards to employees or consultants of our company or of any subsidiary of our company and to non-employee members of our advisory board or our Board or the board of directors of any of our subsidiaries. The Board and the Compensation Committee believe the ability to grant restricted stock, stock options and make other stock-based awards under the Plan is an important factor in attracting, stimulating and retaining qualified and distinguished personnel with proven ability and vision to serve as employees, officers, consultants or members of the Board or advisory board of our company and our subsidiaries, and to chart our course towards continued growth and financial success.

During the fiscal year ended June 30, 2017, effective December 30, 2016, the Compensation Committee granted (i) 400,000 shares of restricted stock to Mr. Tao Li, then the Company’s CEO; (ii) 200,000 shares to Mr. Zhuoyu “Richard” Li, the Company’s President, (iii) 200,000 shares to Mr. Ken Ren, then the Company’s Chief Financial Officer. Also, the Compensation Committee granted 30,000 shares to Ms. Yiru Shi, 20,000 shares to Mr. Jianlei Shen and 20,000 shares to Mr. Lianfu Liu, each of whom was then an independent director of the Company. The Stock Grants were vested immediately for then the CEO, CFO and the three independent directors.

During the fiscal year ended June 30, 2016, on June 29, 2016, the Company granted (i) 400,000 shares of restricted stock to Mr. Tao Li, then the Company’s CEO; (ii) 200,000 shares of restricted stock to Mr. Ken Ren, then the CFO, and (iii) 30,000 shares of restricted stock to Ms. Yiru Shi. Also, the Compensation Committee granted 20,000 shares of restricted stock to Mr. Jianlei Shen and 20,000 shares of restricted stock to Mr. Lianfu Liu, each of whom was then an independent director of the Company. The Stock Grants were vested immediately for then the CEO, CFO, and the independent directors.

On October 3, 2015, the Company granted an aggregate of 1,000,000 shares of restricted stock under the 2009 Plan to certain key employees. The stock grants are subject to time-based vesting schedules, vesting in various installments until June 30, 2016. The value of the restricted stock awards was \$1,660,000 and is based on the fair value of the Company’s common stock on the grant date.

During the fiscal year ended June 30, 2015, on September 30, 2014, the Company granted an aggregate of 1,750,000 shares of restricted stock under the 2009 Plan to certain executive officers, directors and employees, among which (i) 240,000 shares of restricted stock to Mr. Tao Li, then the CEO; (ii) 100,000 shares of restricted stock to Mr. Ken Ren, then the CFO, (iii) 40,000 shares of restricted stock to Mr. Yizhao Zhang, 30,000 shares of restricted stock to Ms. Yiru Shi, and 20,000 shares of restricted stock to Mr. Lianfu Liu, each of whom was then an independent director of the Company; and (iv) 1,320,000 shares of restricted stock to key employees. The stock grants are subject to time-based vesting schedules, vesting in various installments until March 31, 2015 for then the CFO and the three independent directors, until June 30, 2015 for then the CEO and until December 31, 2016 for the employees.

### *Employee Stock Purchase Plan*

On August 9, 2012, the Board adopted the Company's 2012 Employee Stock Purchase Plan (the "ESPP"), which became effective as of such date. The Board adopted the Company's Third Amended and Restated Employee Stock Purchase Plan (the "Restated ESPP") on May 15, 2015. The Restated ESPP reserved a total of 3,750,000 shares of Common Stock, including 1,250,000 shares of Common Stock that was increased the third time. Shareholder approval is not required with respect to the issuance under the ESPP pursuant to Sections 303A.08 or 312.03 of the NYSE Listed Company Manual. The ESPP has been delegated to be administered by the Compensation Committee since October 19, 2012. Any employee of the Company or any parent (if any) and subsidiary corporation of the Company (the "Affiliate"), who is not a natural person resident in the United States, who has been in the employ of the Company or any Affiliate for such continuous period as required by the Board preceding the grant of rights under the ESPP is eligible to participate in the ESPP during the applicable offering period, subject to administrative rules established by the Compensation Committee.

The ESPP is implemented by sequential offerings, the commencement and duration of which are determined by the Compensation Committee. The purchase price at which each share of Common Stock may be acquired in an offering period upon the exercise of all or any portion of a purchase right are established by the Compensation Committee. However, the purchase price on each purchase date shall not be less than the fair market value of a share of Common Stock on the purchase date.

During the fiscal year ended June 30, 2014, the Company issued 118,778 shares of common stock at the market price of \$4.42 per share to Mr. Tao Li (\$525,000 in total), then the Company's Chairman and Chief Executive Officer under the ESPP on September 26, 2013. The Company also issued 533,165 shares of common stock at the market price of \$2.35 per share to certain employees enrolled in the ESPP (\$1,252,938 in total) on May 26, 2014. During the year ended June 30, 2015, the Company issued 1,362,495 shares of common stock to its employees under the ESPP for cash of \$2,946,746 and the Company issued 326,483 shares of common stock to then its Chairman, Mr. Li, for cash proceeds of \$626,847 under the ESPP.

### *Retirement or Pension Benefits*

Currently, we do not provide any company sponsored retirement benefits to any employee, including the Named Executive Officers.

### *Deferred Compensation*

We do not have any qualified or nonqualified deferred compensation plans.

### *Perquisites*

Historically, we have provided our Named Executive Officers with minimal perquisites and other personal benefits that we believe are reasonable. We do not view perquisites as a significant component of compensation, but do believe they can be useful in attracting, motivating, and retaining the executive talent for which we compete. We believe that these additional benefits assist our Named Executive Officers in performing their duties and provide time efficiencies for them. It is expected that our historical practices regarding perquisites will continue and will be subject to periodic review by our Board.

## Summary Compensation Table— Fiscal Years Ended June 30, 2020, 2019, and 2018

The following table sets forth information concerning cash and non-cash compensation we and/or Jinong paid to our principal executive officer and our other most highly paid executive officer (the “named executive officers”) for services rendered in all capacities during the noted periods. No other executive officers received total annual salary and bonus compensation more than \$100,000 during each of the three fiscal years ended June 30, 2020, 2019, and 2018.

### SUMMARY COMPENSATION TABLE

Name and Principal Position	Year Ended	Salary (\$)	Bonus (\$)	Stock Awards (1)(\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Zhuoyu Li									
Chief Executive Officer, and Chairman of the Board (2)	June 30, 2020	\$ 300,000	\$ 120,000	—	—	—	—	—	\$ 420,000
	June 30, 2019	\$ 300,000	\$ 102,000	—	—	—	—	—	\$ 402,000
	June 30, 2018	\$ 300,000	\$ 102,000	\$ —	—	—	—	—	\$ 402,000
Yongcheng Yang									
Chief Financial Officer	June 30, 2020	\$ 180,000	\$ 63,000	—	—	—	—	—	\$ 243,000
	June 30, 2019	180,000	\$ 63,000	—	—	—	—	—	\$ 243,000
	June 30, 2018	180,000	\$ 16,800	—	—	—	—	—	196,800

- (1) The amounts reported in this column reflect the fair value on the grant date of the restricted stock awards granted to our Named Executive Officers. These values are determined by multiplying the number of shares granted by the closing price of our common stock on the trading day immediately preceding the grant date. The dollar amounts do not necessarily reflect the dollar amounts of compensation realized or that may be realized by our Named Executive Officers.

The Company has not used a compensation consultant to determine or recommend the amount or form of executive or director compensation, but its management believes that its executive officer compensation package is comparable to similar businesses in our location of operations.

## Grants of Plan-Based Awards

During the year ended June 30, 2020, the Company granted no plan-based equity awards to Named Executive Officers. The following table sets forth information regarding grants of awards to Named Executive Officers during the year ended June 30, 2020:

### GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock And Option Awards (\$)(1)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (\$)				
Zhuoyu Li	—	—	—	—	—	—	—	—	—	—	—
Yongcheng Yang	—	—	—	—	—	—	—	—	—	—	—

(1) With respect to the restricted stock awards, the grant date fair value is calculated by multiplying the number of shares granted by the closing price on the trading day immediately preceding the grant date.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

## Employment Agreements

*Zhuoyu “Richard” Li.* Pursuant to an Employment agreement between the Company and Zhuoyu (“Richard”) Li when he was appointed by the Board of Directors effective May 19, 2016, Mr. Li received an annual base salary of \$100,000 and a bonus up to 40% for serving as the Company’s President. In addition, Mr. Li receives stock awards to be determined when the Company grants the awards to directors and officers under the Company’s 2009 Equity Incentive Plan, as amended. The initial term of the employment agreement is one year, which is automatically extended for additional one-year terms unless either party provides written notice of termination sixty (60) days prior to the end of the prior term. On December 18, 2017, following the death of Tao Li, the Company’s Board of Directors appointed the Company’s President, Mr. Zhuoyu Li, as its new Chairman and CEO. For serving as the Company’s Chairman and CEO, Mr. Zhuoyu Li receives the same compensation of Mr. Tao Li. In total, Mr. Zhuoyu Li receives an annual base salary of \$300,000 with a bonus of up to 40% and stock awards under the Company’s 2009 Equity Incentive Plan.

*Yongcheng Yang.* On December 19, 2017, the Company entered into an Employment Agreement with Mr. Yongcheng Yang effective as of December 19, 2017. Pursuant to the terms of the Employment Agreement, Mr. Yang will serve as our Chief Financial Officer for a term of one year at an annual salary of \$180,000. Mr. Yang is eligible for a yearly bonus at the discretion of our Board of Directors. The Employment Agreement will be automatically extended for additional one-year terms unless either party provides a written notice of termination sixty (60) days prior to the end of the prior term. Either party may terminate the Employment Agreement upon thirty (30) days written notice, or, at our discretion, we may terminate the Employment Agreement immediately and substitute thirty (30) days salary in lieu of written notice. In the event of a breach of the Employment Agreement by Mr. Yang, or in the event Mr. Yang is terminated for “cause” (as defined therein), the Employment Agreement may be terminated immediately without notice and without further payments.

## Description of Plan Based Awards

The equity incentive awards reported in the above table entitled “Grants of Plan Based Awards” were granted under, and are subject to, the terms of our 2009 Equity Incentive Plan, as amended (the “Plan”). The Plan is administered by the Compensation Committee. The Compensation Committee has authority to interpret the plan provisions and make all required determinations under the Plan.

With respect to all restricted stock grants disclosed herein, if we terminate the grantee’s employment or affiliation with us for any reason, all unvested portions of such restricted stock grants are forfeited. Any shares of restricted stock that do not vest for failure to meet the requisite performance targets will also be forfeited.

With respect to all non-qualified stock option grants disclosed herein, if we terminate the grantee’s employment or affiliation with us for any reason, all unvested options are forfeited. If the grantee’s employment or affiliation with us is terminated voluntarily by the grantee or by us for cause, all vested options are also terminated. In the event we terminate the grantee’s employment or affiliation with us without cause, the grantee has the lesser of ninety (90) days or the remaining term of the option to exercise any vested options. If we terminate the grantee’s employment or affiliation with us due to death or disability, the grantee has the lesser of twelve (12) months or the remaining term of the option to exercise any vested options. In the case of non-qualified options subject to performance-based vesting, any options which do not vest for failure to meet the requisite performance targets will be forfeited.

## Outstanding Equity Awards at Fiscal Year End

The following table provides information on all restricted stock and stock option awards held by our Named Executive Officers as of June 30, 2020.

### OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market Payout Value of Unearned Shares, Other Rights That Have Not Vested (\$)
Zhuoyu Li	—	—	—	—	—	—	\$ —	—	\$ —
Yongcheng Yang	—	—	—	—	—	—	\$ —	—	\$ —

## Option Exercises and Stock Vested During the Fiscal Year

### OPTION EXERCISES AND STOCK VESTED DURING THE FISCAL YEAR

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Zhuoyu Li	—	—	—	—
Yongcheng Yang	—	—	—	—

## Securities Authorized for Issuance Under Equity Compensation Plans

As of June 30, 2020, there were no outstanding options to purchase any shares of common stock granted under the Plan. Options granted in the future under the Plan are within the discretion of our Board or our compensation committee. The following table summarizes the number of shares of our common stock authorized for issuance under our equity compensation plans as of June 30, 2020.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of Securities Remaining available for Future Issuance Under Equity compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	—	\$ —	371,511
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>—</b>	<b>\$ —</b>	<b>371,511</b>

## Director Compensation

The following table sets forth information concerning cash and non-cash compensation we paid to our directors during the fiscal year ended June 30, 2020.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Deferred Plan Compensation (\$)	Non-Qualified Incentive Compensation Earnings (\$)	Other Compensation (\$)	All Total (\$)
Daqing Zhu	\$ —	—	—	—	—	—	\$ —
Lianfu Liu	\$ —	—	—	—	—	—	\$ —
Jinjun Lu	\$ —	—	—	—	—	—	\$ —
Ale Fan	\$ —	—	—	—	—	—	—

The directors will also be reimbursed for all their out-of-pocket expenses in traveling to and attending meetings of the Board and committees on which they serve.



## Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee during the fiscal year ended June 30, 2020 were Messrs. Jinjun Lu, Daqing Zhu, and Lianfu Liu. During the fiscal year ended June 30, 2020:

none of the members of the Compensation Committee was an officer (or former officer) or employee of our company or any of its subsidiaries;

none of the members of the Compensation Committee had a direct or indirect material interest in any transaction in which we were a participant and the amount involved exceeded \$120,000;

none of our executive officers served on the compensation committee (or another board committee with similar functions or, if none, the entire board of directors) of another entity where one of that entity's executive officers served on our Compensation Committee;

none of our executive officers was a director of another entity where one of that entity's executive officers served on our Compensation Committee; and

none of our executive officers served on the compensation committee (or another board committee with similar functions or, if none, the entire board of directors) of another entity where one of that entity's executive officers served as a director on our Board.

## Changes in Control

The following table reflects amounts payable to our Named Executive Officers (1) assuming their employment was terminated without cause on June 30, 2020, and (2) assuming a change in control on June 30, 2020.

<u>Name</u>	<u>Termination Without Cause<sup>(1)</sup></u>	<u>Change in Control<sup>(2)</sup></u>
Zhuoyu Li	\$ 25,000	—

(1) Represents the payment to be made pursuant to contractual agreements with the Named Executive Officer as described below in this subsection.

(2) Amounts in this column reflect the value of unvested restricted stock that would be accelerated upon a change of control. The amounts are calculated based on the closing market price of a share of our common stock on June 30, 2020, i.e., \$2.92 per share, multiplied by the number of unvested shares.

## Termination Clauses in Employment Agreements

*Zhuoyu Li.* Pursuant to the terms of Mr. Li's employment agreement with Jinong, Jinong may terminate Mr. Li's employment for any reason upon 30 days prior written notice, in which case no termination payment is due. Alternatively, Jinong may terminate his employment immediately upon the payment of one month's salary. In the case of termination for cause as defined therein, we may terminate Mr. Li's employment immediately without pay.

## 2009 Equity Incentive Plan Change in Control Provisions

In the event of a change in control of our company, and except as otherwise set forth in the applicable award agreement, all unvested portions of awards shall vest immediately. Awards, whether then vested, shall be continued, assumed, or have new rights as determined by our Compensation Committee or a committee of the Board designated to administer the Plan, and restrictions to which any shares of restricted stock or any other award granted prior to the change in control are subject shall not lapse. Awards shall, where appropriate at the discretion of the Committee, receive the same distribution of our common stock on such terms as determined by the Compensation Committee. Upon a change in control, the Committee may also provide for the purchase of any awards for an amount of cash per share of common stock issuable under the award equal to the excess of the highest price per share of our common stock paid in any transaction related to a change in control of our company over the exercise price of such award.



## Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters

The following table sets forth certain information as of December 4, 2020, the latest applicable date, with respect to the beneficial ownership of our common stock, the sole outstanding class of our voting securities, by (i) any person or group owning more than 5% of each class of voting securities, (ii) each director, (iii) each executive officer and (iv) all executive officers and directors as a group.

As of December 4, 2020, an aggregate of 6,350,129 shares of our common stock were outstanding.

<u>Title of Class</u>	<u>Name and Address of Beneficial Owners <sup>(1)</sup></u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class <sup>(2)</sup></u>
<b>Greater Than 5% Shareholders</b>			
Common Stock	Zhuoyu Li	971,891 <sup>(3)</sup>	15.3%
Common Stock	Shaanxi Baoyu Science and Technology Investment Company	971,000	15.3%
<b>Directors and Executive Officers</b>			
Common Stock	Zhuoyu Li Chief Executive Officer and Chairman of the Board	971,891	15.3%
Common Stock	Daqing Zhu Director	—	—*
Common Stock	Jinjun Lu Director	—	—*
Common Stock	Ale Fan Director	—	—*
Common Stock	Lianfu Liu Director	10,083	0.2%
<b>All executive officers and directors as a group</b>		<b>981,974</b>	<b>15.5%</b>

\* Represents a percentage that is less than 1%.

(1) Unless otherwise stated, each beneficial owner has sole power to vote and dispose of the shares and the address of such person is c/o China Green Agriculture, Inc., 3rd Floor, Borough A, Block A. No. 181, South Taibai Road, Xian, Shaanxi Province, People's Republic of China 710065. The address of Shaanxi Baoyu Science and Technology Investment Company is 86 Gaoxin Road B-1-6F, Xi'an, Shaanxi Province 710075, People's Republic of China.

(2) In determining the percent of common stock owned by the beneficial owners, (a) the numerator is the number of shares of common stock beneficially owned by such owner, including shares the beneficial ownership of which may be acquired, within 60 days upon the exercise of the options, if any, held by the owner; and (b) the denominator is the sum of (i) the total 6,350,129 shares of common stock outstanding as of October 23, 2020, and (ii) the number of shares underlying the options, which such owner has the right to acquire upon the exercise of the options within 60 days (for those who have options), if any.

(3) Includes 880,442 shares that Mr. Zhuoyu Li inherited from the estate of his father, Mr. Tao Li, of which 41,449 shares were held by Mr. Zhuoyu Li's mother.

## Securities Authorized for Issuance Under Equity Compensation Plans

On October 27, 2009, our Board of Directors (the “Board”) adopted the Company’s 2009 Equity Incentive Plan (the “Incentive Plan”). On December 11, 2009, our stockholders approved the Incentive Plan. The Incentive Plan gives us the ability to grant stock options, stock appreciation rights (SARs), restricted stock and other stock-based awards to our employees, consultants and to non-employee members of our advisory board or our Board or the board of directors of any of our subsidiaries. On October 3, 2012, October 25, 2013 and May 15, 2015, our Board approved the amendment to increase the shares covered by the Incentive Plan by three million shares. On April 23, 2019, our Board approved the fourth amendment to increase the shares covered by the Incentive Plan by 3.9 million shares and an extension of the Plan for an additional ten years. All four amendments were approved by our stockholders on the annual meetings held on December 15, 2012, December 22, 2013, June 30, 2015, and June 22, 2019, respectively. As a result, a total of 0.37 million shares of Common Stock have been reserved under the Incentive Plan.

As of June 30, 2020, there was no outstanding options to purchase shares of common stock granted under the Plan. Options granted in the future under the Incentive Plan are within the discretion of our Board or our compensation committee, as delegated by the Board. The following table summarizes the number of shares of our Common Stock authorized for issuance under our Incentive Plan as of June 30, 2020.

## Item 13. Certain Relationships and Related Transactions, and Director Independence

### Certain Relationships and Related Transactions

As of June 30, 2020, and June 30, 2019, the amount due to related parties was \$4,212,407 and \$3,641,945, respectively. As of June 30, 2020, and June 30, 2019, \$990,500 and \$1,019,200, respectively were amounts that Gufeng borrowed from a related party, Xi’an Techteam Science & Technology Industry (Group) Co. Ltd., a company controlled by Mr. Zhuoyu Li, Chairman and CEO of the Company, representing unsecured, non-interest bearing loans that are due on demand. These loans are not subject to written agreements.

On July 1, 2018, Jinong signed an office rental agreement with Kingtone Information Technology Co., Ltd. (“Kingtone Information”), of which Mr. Zhuoyu Li, Chairman and CEO of the Company, served as Chairman. Pursuant to the rental agreement, Jinong rented 612 square meters (approximately 6,588 square feet) of office space from Kingtone Information. The rental agreement provides for a two-year term effective as of July 1, 2018 with monthly rent of RMB24,480 (approximately \$3,464).

### Procedures for Approval of Related Party Transactions

In November 2010, we adopted a written Related Party Transactions Policy (the “Policy”). According to the Policy, a “Related Party Transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we (including any of our subsidiaries) are, were or will be a participant and the amount involved exceeds \$120,000, and in which any related party had, has or will have a direct or indirect “material” interest. The Policy’s definition of a “Related Party” is in line with the definition set forth in the instructions to Item 404(a) of Regulation S-K promulgated by the SEC.

Under the Policy, our Chief Financial Officer is responsible for determining whether a proposed transaction, as submitted by a Related Party is a Related Party Transaction that requires the consideration and discussion of the Audit Committee. The Audit Committee is responsible for evaluating and assessing a proposed transaction based on the facts and circumstances including those listed in the Policy, including comparing the terms of the proposed transaction and the terms available to unrelated third parties or to employees generally. The Policy states that the Audit Committee shall approve only those Related Party Transactions that are in, or are not inconsistent with, the best interests of our company and our stockholders. No member of the Audit Committee shall participate in any review, consideration, or approval of any Related Party Transaction in which he or she or any immediate family member directly or indirectly is involved.

If we become aware of a Related Party Transaction that has not been previously approved under the Policy, such transaction will be presented to the Audit Committee. A Related Party Transaction entered into without pre-approval of the Audit Committee shall not be deemed to violate the Policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee as promptly as reasonably practical after it is entered and is subsequently ratified by the Audit Committee.

## **Communications with the Board**

Interested parties may communicate with any of our directors, our Board as a group, our independent directors as a group or any committees of the Board by sending an e-mail to the Secretary to the Board of Directors, at *nonmgtdirectors@cgagri.com* and indicating the intended recipient in the subject line, or by writing to the Board at the Board of Directors, China Green Agriculture, Inc., 3rd Floor, Borough A, Block A. No. 181, South Taibai Road, Xian, Shaanxi Province, People's Republic of China 710065. The Board has given Ms. Liu, as Secretary to the Board of Directors, the discretion to distribute communications to the director or directors, after ascertaining whether the communications are appropriate to duties and responsibilities of the Board. Communications that relate to ordinary business matters that are not within the scope of the Board's responsibilities will be forwarded to the appropriate employee within our company. Solicitations, junk email and obviously frivolous or inappropriate communications will not be forwarded. You will receive a written acknowledgement from the Secretary to the Board upon receipt of your communication.

## **Independence of the Board**

Our Board is currently composed of five (5) members. Daqing Zhu, Jinjun Lu, and Lianfu Liu qualify as independent directors in accordance with the published listing requirements of the New York Stock Exchange ("NYSE"). The NYSE independence definition includes a series of objective tests, such as that the director is not, and has not been for at least three years, one of our employees and that neither the director nor any of his or her family members has engaged in various types of business dealings with us. In addition, as further required by NYSE rules, our Board has made an affirmative determination as to each independent director that no relationships exist which, in the opinion of our Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, our directors reviewed and discussed information provided by the directors and us regarding each director's business and personal activities as they may relate to us and our management. Our directors hold office until their successors have been elected and qualified or their earlier death, resignation, or removal.

## **Board Meetings**

The Board held ten meetings, by telephone, in the fiscal year ended June 30, 2020. In addition, the Board unanimously approved ten written consents on matters between meetings. During the fiscal year ended June 30, 2020, each incumbent director attended at least 75% of the aggregate number of meetings of the Board and applicable committee meetings (held during the period for which he or she was a director) on which he or she served. We do not have a formal policy regarding attendance by members of the Board at the annual meeting of stockholders, but we encourage all members of the Board to attend the meetings.

## **Promoters and Certain Control Persons**

We did not have any promoters at any time during the past five fiscal years.

Except as set forth in our discussion above, none of our directors or executive officers has been involved in any transactions with us or any of our directors, executive officers, affiliates or associates which are required to be disclosed pursuant to the rules and regulations of the SEC.

## Item 14. Principal Accountant Fees and Services

The following are the fees billed to us by our auditors during fiscal years ended June 30, 2020 and 2019:

	Years Ended	
	June 30, 2020	June 30, 2019
Audit Fees	\$ 273,000	\$ 340,000
Audit related fees	—	—
Tax fees	—	—
All Other Fees	—	—
Total	\$ 273,000	\$ 340,000

### Audit Fees

On April 19, 2017, Kabani & Company, Inc. resigned as independent registered public accounting firm for the Company. On April 20, 2017, the Company engaged KSP Group, Inc. (“KSP”) as the Company’s independent registered public accounting firm. The aggregate fees billed by KSP for professional services rendered for the audit of our annual financial statements included in our Annual Reports on Form 10-K, for the reviews of the financial statements included in our Quarterly Reports on Form 10-Q, for our Sarbanes-Oxley Act of 2002 compliance audit, and for services regarding statutory and regulatory filings or engagements were \$340,000 for the fiscal years ended June 30, 2019.

On February 6, 2020, the Company dismissed KSP Group, Inc. as the independent registered public accounting firm of the Company. On February 6, 2020, the Company engaged Raul Carrega, CPA as its independent registered public accounting firm for the Company’s fiscal year ended June 30, 2020. The aggregate fees billed by Raul Carrega, CPA for professional services rendered for the audit of our annual financial statements included in our Annual Reports on Form 10-K, for the reviews of the financial statements included in our Quarterly Reports on Form 10-Q, for our Sarbanes-Oxley Act of 2002 compliance audit, and for services regarding statutory and regulatory filings or engagements were \$43,000 for the fiscal years ended June 30, 2020.

On August 28, 2020, the Company dismissed Raul Carrega, CPA as the independent registered public accounting firm of the Company. On August 28, 2020, the Company engaged SS Accounting and Auditing Inc. as its independent registered public accounting firm for the Company’s fiscal year ended June 30, 2020. The aggregate fees billed by SS Accounting and Auditing Inc. for professional services rendered for the audit of our annual financial statements included in our Annual Reports on Form 10-K, for the reviews of the financial statements included in our Quarterly Reports on Form 10-Q, for our Sarbanes-Oxley Act of 2002 compliance audit, and for services regarding statutory and regulatory filings or engagements were \$200,000 for the fiscal year ended June 30, 2020.

### Audit-Related Fees

The aggregate fees billed by our principal accountants for audit-related services was \$0 for the fiscal years ended June 30, 2020, and 2018, respectively.

### Tax Fees

We did not engage our principal accountants to provide tax or related services during the last two fiscal years.

### All Other Fees

We did not engage our principal accountants to render services to us during the last two fiscal years, other than as reported above

### Pre-Approval Policies and Procedures

Under the Sarbanes-Oxley Act of 2002, all audit and non-audit services performed by our auditors must be approved in advance by our Audit Committee to assure that such services do not impair the auditors’ independence from us. In accordance with its policies and procedures, the Audit Committee pre-approved the audit service performed by SS Accounting and Auditing Inc. for our consolidated financial statements as of and for the year ended June 30, 2020.

The Company’s principal accountant, SS Accounting and Auditing Inc., did not engage any other persons or firms other than the principal

accountant's full-time, permanent employees.

## **PART IV**

### **Item 15. Exhibits, Financial Statement Schedules**

(a) The following documents are filed as part of this report:

(1) Financial Statements

The following financial statements of China Green Agriculture, Inc. and Report of Independent Registered Public Accounting Firm are presented in the “F” pages of this Report:

<a href="#">Report of Independent Registered Public Accounting Firm</a>	F-1
<a href="#">Consolidated Balance Sheets - as of June 30, 2020 and 2019</a>	F-2
<a href="#">Consolidated Statements of Operations and Other Comprehensive Income (Loss) - for the Years ended June 30, 2020 and 2019</a>	F-3
<a href="#">Consolidated Statements of Shareholders' Equity - for the Years ended June 30, 2020 and 2019</a>	F-4
<a href="#">Consolidated Statements of Cash Flows - for the Years ended June 30, 2020 and 2019</a>	F-5
<a href="#">Notes to Consolidated Financial Statements</a>	F-6

(2) Financial Schedules

None.

Financial statement schedules have been omitted because they are either not applicable or the required information is included in the financial statements or notes hereto.

(3) Exhibits

The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference as part of this Report.

(b) Exhibits

See the Exhibit Index following the signature page of this report, which Index is incorporated herein by reference.

### **Item 16. Form 10-K Summary**

Not applicable



SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

China Green Agriculture, Inc.

Date: December 4, 2020

By: /s/ Zhuoyu Li  
Zhuoyu Li, CEO

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

December 4, 2020

/s/ Zhuoyu Li  
Zhuoyu Li, Chairman of the Board of Directors and CEO  
(principal executive officer)

December 4, 2020

/s/ Yongcheng Yang  
Yongcheng Yang, Chief Financial Officer  
(principal financial officer and  
principal accounting officer)

December 4, 2020

/s/ Ale Fan  
Ale Fan, Director

December 4, 2020

/s/ Lianfu Liu  
Lianfu Liu, Director

December 4, 2020

/s/ Daqing Zhu  
Daqing Zhu, Director

December 4, 2020

/s/ Jinjun Lu  
Jinjun Lu, Director

China Green Agriculture, Inc.  
Exhibit Index to Annual Report on Form 10-K  
For the Year Ended June 30, 2020

- 3.1 [Articles of Incorporation \(incorporated herein by reference to the Company's Quarterly Report on Form 10-QSB, for the quarter ended September 30, 2007, filed with the SEC on November 9, 2007, Exhibit 3.1\).](#)
- 3.2 [Certificate of Change filed with the Secretary of State of the State of Nevada on December 18, 2007 \(incorporated herein by reference to the Company's Current Report on Form 8-K filed with the SEC on January 2, 2008, Exhibit 4.2\).](#)
- 3.3 [Certificate of Correction \(incorporated herein by reference to the Company's Registration Statement on Form S-1 filed with the SEC on February 8, 2008, Exhibit 4.1\).](#)
- 3.4 [Articles of Merger \(incorporated herein by reference to the Company's Current Report on Form 8-K, filed February 5, 2008, Exhibit 3.1\).](#)
- 3.5 [Bylaws \(incorporated herein by reference to the Company's Quarterly Report on Form 10-QSB, for the quarter ended September 30, 2007, filed with the SEC on November 9, 2007, Exhibit 3.2\).](#)
- 4.1 [Specimen Common Stock Certificate \(incorporated herein by reference to the Company's Registration Statement on Form S-3 filed with the SEC on June 8, 2009, Exhibit 4.1\).](#)
- 4.2 [Form Convertible Note issued by Shaanxi Techteam Jinong Humic Acid Product Co., Ltd. \(Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on October 7, 2016\).](#)
- 10.2 [Employment Agreement, dated June 21, 2010, by and between the Company and Mr. Ken Ren \(Incorporated herein by reference to our Current Report on Form 8-K filed with the SEC on June 25, 2010\)](#)
- 10.3 [Share Transfer Agreement, dated July 1, 2010, by and between Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd., Qing Xin Jiang and Qiong Jia \(Incorporated herein by reference to the Current Report on Form 8-K filed with the SEC on July 7, 2010\).](#)
- 10.4 [Supplementary Agreement, dated July 1, 2010, by and between Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd., Qing Xin Jiang and Qiong Jia \(Incorporated herein by reference to the Current Report on Form 8-K filed with the SEC on July 7, 2010\).](#)
- 10.6 [Form of Non-Competition Agreement by and between Beijing Gufeng Chemical Products Co., Ltd. and its two major former shareholders. \(Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on September 12, 2011\).](#)
- 10.7 [Form of Restricted Stock Grant Agreement \(Incorporated herein by reference to the Current Report on Form 8-K filed with the SEC on January 11, 2010\).](#)
- 10.8 [Form of Non-Qualified Stock Option Grant Agreement \(Incorporated herein by reference to the Current Report on Form 8-K filed with the SEC on January 11, 2010\).](#)
- 10.10 [Offer Letter dated March 28, 2011 between China Green Agriculture, Inc. and Lianfu Liu. \(Incorporated herein by reference to the Quarterly Report on Form 10-Q filed with the SEC on May 10, 2011\).](#)
- 10.11 [Offer Letter dated October 25, 2011 between China Green Agriculture, Inc. and Yiru Shi \(Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on September 13, 2012\).](#)
- 10.13 [Entrusted Management Agreement dated June 16, 2013 among Xi'an Hu County Yuxing Agriculture Science & Technology Co., Ltd., Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd. and Ms. Chen Lixiang \(Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on September 17, 2015\).](#)
- 10.14 [Exclusive Product Supply Agreement dated June 16, 2013 between Xi'an Hu County Yuxing Agriculture Science & Technology Co., Ltd. and Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd. \(Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on September 17, 2015\).](#)

- 10.15 [Shareholder's Voting Proxy Agreement dated June 16, 2013 between Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd., and Ms. Chen Lixiang \(Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on September 17, 2015\).](#)
- 10.16 [Option Agreement dated June 16, 2013 among Xi'an Hu County Yuxing Agriculture Science & Technology Co., Ltd., Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd. and Ms. Chen Lixiang \(Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on September 17, 2015\).](#)

10.17	<a href="#">Equity Pledge Agreement dated June 16, 2013 between Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd., and Ms. Chen Lixiang (Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on September 17, 2015).</a>
10.18	<a href="#">Form Entrust Management Agreement (Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on October 7, 2016).</a>
10.19	<a href="#">Form Exclusive Option Agreement (Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on October 7, 2016).</a>
10.20	<a href="#">Form Exclusive Product Supply Agreement (Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on October 7, 2016).</a>
10.21	<a href="#">Form Non-Competition Agreement (Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on October 7, 2016).</a>
10.22	<a href="#">Form Pledge of Equity Agreement (Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on October 7, 2016).</a>
10.23	<a href="#">Form Shareholder's Voting Proxy Agreement (Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on October 7, 2016).</a>
10.24	<a href="#">Form Strategic Acquisition Contract (Incorporated herein by reference to the Annual Report on Form 10-K filed with the SEC on October 7, 2016).</a>
14.1	<a href="#">Amended and Restated Code of Ethics. (Incorporated herein by reference to the Quarterly Report on Form 10-Q filed with the SEC on November 12, 2010)</a>
21.1*	<a href="#">List of Subsidiaries of the Company.</a>
31.1*	<a href="#">Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of Principal Financial Officer and Principal Accounting Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1+	<a href="#">Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2+	<a href="#">Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.

\* Filed herewith

+ In accordance with SEC Release 33-8238, Exhibit 32.1 and 32.2 are being furnished and not filed.



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of China Green Agriculture Inc., and Subsidiaries

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of China Green Agriculture Inc., and subsidiaries (the Company) as of June 30, 2020, the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for the year ended June 30, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2020, and the results of its operations and its cash flows for the year ended June 30, 2020, in conformity with accounting principles generally accepted in the United States of America.

### Going Concern

The Company's financial statements are prepared using the generally accepted accounting principles applicable to a going concern. As described in Note 3 to the financial statements, the Company has incurred operating losses and has negative operating cashflows for the year ended June 30, 2020. This raises substantial doubt about its ability to continue as a going concern. Management's plan regarding these matters is also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ SS Accounting & Auditing, Inc

Plano, TX

November 25, 2020

We have served as the Company's auditor since 2020.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of

China Green Agriculture, Inc. and its subsidiaries

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet China Green Agriculture, Inc. and subsidiaries (the "Company") as of June 30, 2019 and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for the period then ended. In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial positions of China Green Agriculture, Inc. and subsidiaries as of June 30, 2019 and the results of their operations and their cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provide a reasonable basis for our opinion.

/s/ KSP Group, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

We have served as the Company's auditor since 2017.

Los Angeles, CA

October 14, 2019

**CHINA GREEN AGRICULTURE, INC., AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**AS OF JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 11,934,778	\$ 72,259,804
Accounts receivable, net	105,693,326	145,190,160
Inventories	98,921,081	162,013,889
Prepaid expenses and other current assets	3,567,912	2,776,370
Amount due from related parties	66	-
Advances to suppliers, net	65,081,818	32,713,817
Total Current Assets	285,198,981	414,954,039
Plant, Property and Equipment, Net	22,928,334	26,669,938
Other Assets	260,362	267,907
Other Non-current Assets	10,943,875	13,352,645
Intangible Assets, Net	15,751,625	17,881,449
Goodwill	7,045,006	7,874,421
Total Assets	\$ 342,128,183	\$ 481,000,399
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 17,719,093	\$ 19,004,548
Customer deposits	7,342,590	6,514,619
Accrued expenses and other payables	14,139,324	12,029,722
Amount due to related parties	4,212,407	3,641,945
Taxes payable	31,645,452	31,357,690
Short term loans	3,537,500	3,640,000
Interest payable	725,895	720,720
Derivative liability	-	18,162
Convertible notes payable	-	7,517,307
Total Current Liabilities	79,322,261	84,444,714
Total Liabilities	\$ 79,322,261	\$ 84,444,714
<b>Stockholders' Equity</b>		
Preferred Stock, \$.001 par value, 20,000,000 shares authorized, zero shares issued and outstanding	-	-
Common stock, \$.001 par value, 115,197,165 shares authorized, 6,350,129 and 3,986,912 shares issued and outstanding as of June 30, 2020 and June 30, 2019, respectively	6,350	3,987
Additional paid-in capital	155,455,332	138,012,445
Statutory reserve	29,743,991	31,237,891
Retained earnings	111,864,338	247,122,574
Accumulated other comprehensive income	(34,264,089)	(19,821,211)
Total Stockholders' Equity	262,805,922	396,555,686
Total Liabilities and Stockholders' Equity	\$ 342,128,183	\$ 481,000,399

The accompanying notes are an integral part of these consolidated financial statements.





**CHINA GREEN AGRICULTURE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Sales		
Jinong	\$ 57,001,659	\$ 76,494,490
Gufeng	119,623,964	136,285,236
Yuxing	9,227,113	10,101,051
VIEs - others	63,390,760	71,440,026
Net sales	<u>249,243,496</u>	<u>294,320,803</u>
Cost of goods sold		
Jinong	37,730,361	38,962,752
Gufeng	105,203,118	120,369,401
Yuxing	7,935,849	8,631,544
VIEs - others	53,623,590	61,714,426
Cost of goods sold	<u>204,492,918</u>	<u>229,678,123</u>
Gross profit	44,750,578	64,642,680
Operating expenses		
Selling expenses	13,900,315	23,266,121
General and administrative expenses	165,022,621	22,571,811
Total operating expenses	<u>178,922,936</u>	<u>45,837,932</u>
Income from operations	(134,172,358)	18,804,748
Other income (expense)		
Other income (expense)	(107,579)	(443,533)
Interest income	176,799	321,645
Interest expense	(304,071)	(595,125)
Total other income (expense)	<u>(234,851)</u>	<u>(717,013)</u>
Income before income taxes	(134,407,208)	18,087,735
Provision for income taxes	2,344,928	6,497,340
Net income	<u>\$ (136,752,136)</u>	<u>\$ 11,590,395</u>
Other comprehensive income (loss)		
Foreign currency translation gain (loss)	(14,442,878)	(16,222,996)
Comprehensive income (loss)	<u>\$ (151,195,014)</u>	<u>\$ (4,632,601)</u>
Basic weighted average shares outstanding	5,619,788	3,388,529
Basic net earnings per share	\$ (24.33)	\$ 3.42
Diluted weighted average shares outstanding	5,619,788	3,388,529
Diluted net earnings per share	\$ (24.33)	\$ 3.42

The accompanying notes are an integral part of these consolidated financial statements.

**CHINA GREEN AGRICULTURE, INC. AND SUBSIDIARIES**  
**STATEMENTS OF STOCKHOLDERS' EQUITY**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	Number Of Shares	Common Stock	Additional Paid In Capital	Statutory Reserve	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
BALANCE, JUNE 30, 2019	3,986,912	\$ 3,987	\$138,012,445	31,237,891	247,122,574	(19,821,211)	396,555,685
Net income (Loss)					(136,752,136)		(136,752,136)
Issuance of stock	931,000	931	10,251,069				10,252,000
Issuance of stock for convertible notes	1,372,650	1,373	6,861,877				6,863,250
Issuance of stock for consulting services	59,567	60	329,940				330,000
Transfer to statutory reserve				(1,493,900)	1,493,900		-
Other comprehensive income (Loss)						(14,442,878)	(14,442,878)
BALANCE, JUNE 30, 2020	6,350,129	\$ 6,350	\$155,455,332	\$29,743,991	\$ 111,864,338	\$ (34,264,089)	\$ 262,805,922
	Number Of Shares	Common Stock	Additional Paid In Capital	Statutory Reserve	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
BALANCE, JUNE 30, 2018	3,241,413	\$ 3,242	\$129,372,690	30,947,344	235,822,726	(3,598,215)	392,547,786
Net income					11,590,395		11,590,395
Issuance of stock	689,167	689	8,269,311				8,270,000
Shared issued for past services	54,167	54	370,446				370,500
1 for 12 reverse stock split	2,166	2	(2)				-
Transfer to statutory reserve				290,547	(290,547)		
Other comprehensive income						(16,222,996)	(16,222,996)
BALANCE, JUNE 30, 2019	3,986,912	\$ 3,987	\$138,012,445	\$31,237,891	\$247,122,574	\$ (19,821,211)	\$ 396,555,685

The accompanying notes are an integral part of these consolidated financial statements.

**CHINA GREEN AGRICULTURE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Net income	\$ (136,752,136)	\$ 11,590,395
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Issuance of common stock and stock options for compensation	-	130,000
Depreciation and amortization	4,698,482	4,920,779
Provision for losses on accounts receivable	118,362,520	9,906,681
Gain (Loss) on disposal of property, plant and equipment	38,223	4,525
Amortization of debt discount	41,707	411,743
Goodwill impairment	607,677	-
Inventories impairment	39,643,198	-
Change in fair value of derivative liability	(17,736)	(45,917)
Changes in operating assets		
Accounts receivable	(82,782,877)	13,277,343
Amount due from related parties	(66)	228,629
Other current assets	(873,111)	63,973
Inventories	19,170,514	(110,880,651)
Advances to suppliers	(33,450,217)	731,013
Other assets	1,889,043	1,977,942
Changes in operating liabilities		
Accounts payable	(759,998)	(7,209,214)
Customer deposits	1,016,311	(481,166)
Tax payables	355,567	1,448,673
Accrued expenses and other payables	2,590,822	2,237,401
Interest payable	25,593	277,003
Net cash provided by (used in) operating activities	<u>(66,196,484)</u>	<u>(71,410,847)</u>
Cash flows from investing activities		
Purchase of plant, property, and equipment	(97,483)	(63,610)
Change in construction in process	-	16,215
Net cash provided by (used in) investing activities	<u>(97,483)</u>	<u>(47,395)</u>
Cash flows from financing activities		
Proceeds from the sale of common stock	10,252,000	8,270,000
Proceeds from loans	3,537,500	3,640,000
Repayment of loans	(3,537,500)	(4,557,280)
Repayment of convertible notes	(1,100,735)	-
Advance from related party	600,000	409,230
Net cash provided by (used in) financing activities	<u>9,751,265</u>	<u>7,761,950</u>
Effect of exchange rate change on cash and cash equivalents	(3,782,324)	(14,849,542)
Net increase (decrease) in cash and cash equivalents	(60,325,026)	(78,545,834)
Cash and cash equivalents, beginning balance	72,259,804	150,805,639
Cash and cash equivalents, ending balance	<u>\$ 11,934,778</u>	<u>\$ 72,259,804</u>
Supplement disclosure of cash flow information		
Interest expense paid	\$ 304,071	\$ 318,122
Income taxes paid	2,889,673	5,129,686
Supplement non-cash activities		

Common stock issued to repay accrued expense	\$ 330,000	\$ 240,500
Convertible notes payments	6,863,250	-
Nonmonetary sales and purchases	43,537,582	134,655,878

The accompanying notes are an integral part of these consolidated financial statements.

**CHINA GREEN AGRICULTURE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS**

China Green Agriculture, Inc. (the “Company”, “Parent Company” or “Green Nevada”), through its subsidiaries, is engaged in the research, development, production, distribution and sale of humic acid-based compound fertilizer, compound fertilizer, blended fertilizer, organic compound fertilizer, slow-release fertilizers, highly-concentrated water-soluble fertilizers and mixed organic-inorganic compound fertilizer and the development, production and distribution of agricultural products.

Unless the context indicates otherwise, as used in this Report, the following are the references herein of all the subsidiaries of the Company (i) Green Agriculture Holding Corporation (“Green New Jersey”), a wholly-owned subsidiary of Green Nevada, incorporated in the State of New Jersey; (ii) Shaanxi TechTeam Jinong Humic Acid Product Co., Ltd. (“Jinong”), a wholly-owned subsidiary of Green New Jersey organized under the laws of the PRC; (iii) Xi’an Hu County Yuxing Agriculture Technology Development Co., Ltd. (“Yuxing”), a Variable Interest Entity (“VIE”) in the in the PRC controlled by Jinong through a series of contractual agreements; (iv) Beijing Gufeng Chemical Products Co., Ltd., a wholly-owned subsidiary of Jinong in the PRC (“Gufeng”), and (v) Beijing Tianjuyuan Fertilizer Co., Ltd., Gufeng’s wholly-owned subsidiary in the PRC (“Tianjuyuan”).

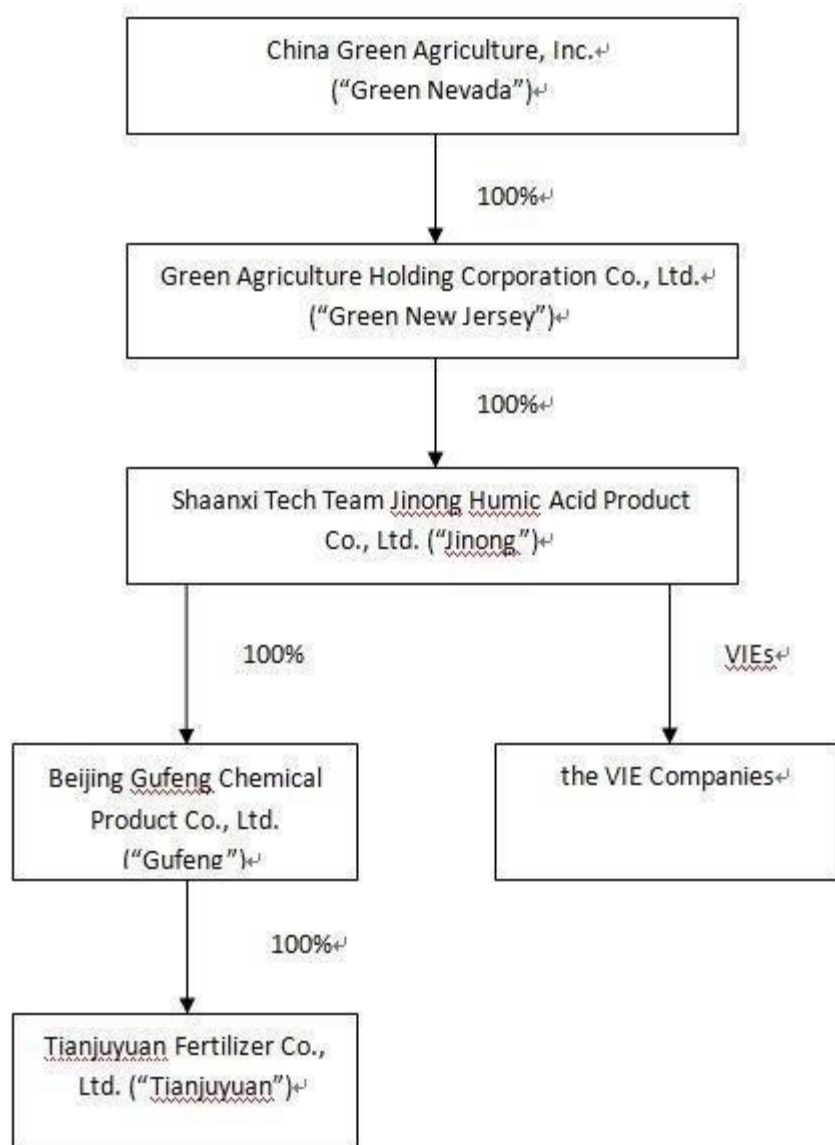
On June 30, 2016 the Company, through its wholly-owned subsidiary Jinong, entered into strategic acquisition agreements and a series of contractual agreements with the shareholders of the following six companies that are organized under the laws of the PRC and would be deemed VIEs: Shaanxi Lishijie Agrochemical Co., Ltd. (“Lishijie”), Songyuan Jinyanguang Sannong Service Co., Ltd. (“Jinyanguang”), Shenqiu County Zhenbai Agriculture Co., Ltd. (“Zhenbai”), Weinan City Linwei District Wangtian Agricultural Materials Co., Ltd. (“Wangtian”), Aksu Xindeguo Agricultural Materials Co., Ltd. (“Xindeguo”), and Xinjiang Xinyulei Eco-agriculture Science and Technology co., Ltd. (“Xinyulei”). On January 1, 2017, the Company, through its wholly-owned subsidiary Jinong, entered into strategic acquisition agreements and a series of contractual agreements with the shareholders of the following two companies that are organized under the laws of the PRC and would be deemed VIEs, Sunwu County Xiangrong Agricultural Materials Co., Ltd. (“Xiangrong”), and Anhui Fengnong Seed Co., Ltd. (“Fengnong”).

On November 30, 2017, the Company, through its wholly-owned subsidiary Jinong, discontinued the strategic acquisition agreements and the series of contractual agreements with the shareholders of Zhenbai.

*Yuxing, Lishijie, Jinyanguang, Wangtian, Xindeguo, Xinyulei, Xiangrong and Fengnong may also collectively be referred to as the “the VIE Companies”; Lishijie, Jinyanguang, Wangtian, Xindeguo, Xinyulei, Xiangrong and Fengnong may also collectively be referred to as “the sales VIEs” or “the sales VIE companies”.*

**CHINA GREEN AGRICULTURE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

The Company's current corporate structure as of is set forth in the diagram below:



**CHINA GREEN AGRICULTURE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 2 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Principle of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Green New Jersey, Jinong, Gufeng, Tianjuyuan, and the VIE Companies. All significant inter-company accounts and transactions have been eliminated in consolidation.

Effective June 16, 2013, Yuxing was converted from being a wholly-owned foreign enterprise 100% owned by Jinong to a domestic enterprise 100% owned one natural person, who is not affiliated to the Company (“Yuxing’s Owner”). Effective the same day, Yuxing’s Owner entered into a series of contractual agreements with Jinong pursuant to which Yuxing became the VIE of Jinong.

VIE assessment

A VIE is an entity (1) that has total equity at risk that is not sufficient to finance its activities without additional subordinated financial support from other entities, (2) where the group of equity holders does not have the power to direct the activities of the entity that most significantly impact the entity’s economic performance, or the obligation to absorb the entity’s expected losses or the right to receive the entity’s expected residual returns, or both, or (3) where the voting rights of some investors are not proportional to their obligations to absorb the expected losses of the entity, their rights to receive the expected residual returns of the entity, or both, and substantially all of the entity’s activities either involve or are conducted on behalf of an investor that has disproportionately few voting rights. In order to determine if an entity is considered a VIE, the Company first performs a qualitative analysis, which requires certain subjective decisions regarding its assessments, including, but not limited to, the design of the entity, the variability that the entity was designed to create and pass along to its interest holders, the rights of the parties, and the purpose of the arrangement. If the Company cannot conclude after a qualitative analysis whether an entity is a VIE, it performs a quantitative analysis. The qualitative analysis considered the design of the entity, the risks that cause variability, the purpose for which the entity was created, and the variability that the entity was designed to pass along to its variable interest holders. When the primary beneficiary could not be identified through a qualitative analysis, we used internal cash flow models to compute and allocate expected losses or expected residual returns to each variable interest holder based upon the relative contractual rights and preferences of each interest holder in the VIE’s capital structure.



**CHINA GREEN AGRICULTURE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the amount of revenues and expenses during the reporting periods. Management makes these estimates using the best information available at the time the estimates are made. However, actual results and outcomes may differ from management's estimates and assumptions due to risks and uncertainties, including uncertainty in the current economic environment due to the recent outbreak of a novel strain of the COVID-19.

Leases

The Company determines if an arrangement is a lease or contains a lease at inception. Operating lease right-of-use assets and lease liabilities are recognized at commencement based on the present value of lease payments over the lease term. As the implicit rate is typically not readily determinable in the Company's lease agreements, the Company uses its incremental borrowing rate as of the lease commencement date to determine the present value of the lease payments. The incremental borrowing rate is based on the Company's specific rate of interest to borrow on a collateralized basis, over a similar term and in a similar economic environment as the lease. Lease expense is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less are not recognized on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term. Additionally, the Company accounts for lease and non-lease components as a single lease component for its identified asset classes. As of June 30, 2020, the Company does not have any material leases for the implementation of ASC 842.

Cash and cash equivalents and concentration of cash

For statement of cash flows purposes, the Company considers all cash on hand and in banks, certificates of deposit with state owned banks in the PRC and banks in the United States, and other highly-liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents. The Company maintains large sums of cash in three major banks in China. The aggregate cash in such accounts and on hand as of June 30, 2020 and 2019 was \$11,866,308 and \$72,178,448, respectively. There is no insurance securing these deposits in China. In addition, the Company also had \$68,470 and \$81,356 in cash in two banks in the United States as of June 30, 2020 and 2019, respectively. Cash overdraft as of balance sheet date will be reflected as liabilities in the balance sheet. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risks on its cash in bank accounts.

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Accounts receivable

Management regularly reviews the composition of accounts receivable and analyzes customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the collectability of accounts receivable at each year-end. Accounts considered uncollectible are provisioned for written off based upon management's assessment. As of June 30, 2020, and 2019, the Company had accounts receivable of \$105,693,326 and \$145,190,160, net of allowance for doubtful accounts of \$38,466,200 and \$33,515,410, respectively. The impact of COVID-19 caused the difficulty of accounts receivable collection in the fiscal year 2020 as numerous distributors encountered significant difficulties and/or hardships in their businesses amid the pandemic. The company recorded bad debt expense in the amount of \$ 118 million and \$10 million for the fiscal year ended June 30, 2020 and the fiscal year ended June 30, 2019, respectively. The Company adopts no policy to accept product returns post to the sales delivery.

Inventories

Inventory is valued at the lower of cost (determined on a weighted average basis) or market. Inventories consist of raw materials, work in process, finished goods and packaging materials. The Company reviews its inventories regularly for possible obsolete goods and establishes reserves when determined necessary. As of June 30, 2020 and 2019 the Company had no reserve for obsolete goods.

Property, plant and equipment

Property, plant and equipment are recorded at cost. Gains or losses on disposals are reflected as gain or loss in the year of disposal. The cost of improvements that extend the life of plant, property, and equipment are capitalized. These capitalized costs may include structural improvements, equipment, and fixtures. All ordinary repair and maintenance costs are expensed as incurred.

Depreciation for financial reporting purposes is provided using the straight-line method over the estimated useful lives of the assets:

	<b>Estimated Useful Life</b>
Building	10-25 years
Agricultural assets	8 years
Machinery and equipment	5-15 years
Vehicles	3-5 years

Construction in Progress

Construction in progress represents the costs incurred relating to the construction of buildings or new additions to the Company's plant facilities. Costs classified to construction in progress include all costs of obtaining the asset and bringing it to the location and condition necessary for its intended use. No depreciation is provided for construction in progress until the assets are completed and are placed into service. Interest incurred during construction is capitalized into construction in progress.

Long-Lived Assets

The Company tests long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted cash flows expected to result from the use and eventual disposition of the assets. Whenever any such impairment exists, an impairment loss will be recognized for the amount by which the carrying value exceeds the fair value. As of June 30, 2020 and 2019 the Company determined that there were no impairments of its long-lived assets.

**CHINA GREEN AGRICULTURE, INC. AND SUBSIDIARIES**  
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Intangible Assets

The Company records intangible assets acquired individually or as part of a group at fair value. Intangible assets with definitive lives are amortized over the useful life of the intangible asset, which is the period over which the asset is expected to contribute directly or indirectly to the entity's future cash flows. The Company evaluates intangible assets for impairment at least annually and more often whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Whenever any such impairment exists, an impairment loss will be recognized for the amount by which the carrying value exceeds the fair value. The Company has not recorded impairment of intangible assets as of June 30, 2020 and 2019, respectively.

Goodwill

We test goodwill for impairment annually, or when events and circumstances change that would indicate the carrying amount may not be recoverable. ASC 350, "Intangibles – Goodwill and Other," permits the assessment of qualitative factors to determine whether events and circumstances lead to the conclusion that it is necessary to perform the two-step quantitative goodwill impairment test required under ASC 350. ASC 350 also allows the option to skip the qualitative assessment and proceed directly to a quantitative assessment.

Under the first step, the fair value of the reporting unit is compared with its carrying value including goodwill. If the fair value of the reporting unit exceeds its carrying value, step two does not need to be performed. If the fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the enterprise must perform step two of the impairment test. Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner comparable to a purchase price allocation. The residual fair value after this allocation is the implied fair value of the reporting unit goodwill. As of June 30, 2020, and 2019, the Company performed the required impairment review which resulted in impairment adjustment with amount of \$607,677 in 2020 and no impairment adjustment in 2019. The impairment is reported in General and administrative expenses.

The COVID-19 pandemic events will continue to evolve and the effects on our businesses may differ from what we currently estimate. If the effects prove to be worse than is reflected in our current estimates, additional goodwill or indefinite-lived intangible asset impairment charges could be required.

Summary of changes in goodwill by reporting segments is as follows:

<u>Segment</u>	<u>Balance at June 30, 2019</u>	<u>Additions /Deletion</u>	<u>Foreign Currency Adjustment</u>	<u>Balance at June 30, 2020</u>
Gufeng	\$ 4,665,642	-	\$ (131,381)	4,534,261
Acquisition of VIE Companies	3,208,779	(607,677)	(90,357)	2,510,745
	<u>\$ 7,874,421</u>	<u>\$ (607,677)</u>	<u>\$ (221,738)</u>	<u>\$ 7,045,006</u>

Fair Value Measurement and Disclosures

Our accounting for Fair Value Measurement and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This topic also establishes a fair value hierarchy which requires classification based on observable and unobservable inputs when measuring fair value. The fair value hierarchy distinguishes between assumptions based on market data (observable inputs) and an entity's own assumptions (unobservable inputs). The hierarchy consists of three levels:

Level one — Quoted market prices in active markets for identical assets or liabilities;

Level two — Inputs other than level one inputs that are either directly or indirectly observable; and

Level three — Unobservable inputs developed using estimates and assumptions, which are developed by the reporting entity and reflect those assumptions that a market participant would use.



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Determining which category an asset or liability falls within the hierarchy requires significant judgment. The Company evaluates its hierarchy disclosures each quarter.

The following table presents the Company's assets and liabilities required to be reflected within the fair value hierarchy as of June 30, 2020.

<b>Description</b>	<b>Fair Value As of June 30, 2020</b>	<b>Fair Value Measurements at June 30, 2020 Using Fair Value Hierarchy</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
		\$ -	\$ -	\$ -

The following table presents the Company's assets and liabilities required to be reflected within the fair value hierarchy as of June 30, 2019.

<b>Description</b>	<b>Fair Value As of June 30, 2019</b>	<b>Fair Value Measurements at June 30, 2019 Using Fair Value Hierarchy</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
		\$ 18,162	\$ -	\$ 18,162

The carrying values of cash and cash equivalents, trade and other receivables, trade and other payables approximate their fair values due to the short maturities of these instruments.

Derivative financial instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. The Company uses a binomial option pricing model to value the derivative instruments. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period.

As of June 30, 2020, there is no derivative financial instruments. The only derivative financial instrument is the variable conversion feature embedded in the convertible notes payable (See Note 10). As of June 30, 2020, all convertible notes are matured and paid. Therefore, the fair value of derivative liability is 0 as of June 30, 2020.

As of June 30, 2019, the only derivative financial instrument is the variable conversion feature embedded in the convertible notes payable (See Note 10). The fair value of the embedded conversion of \$18,162 is recorded as a derivative liability on June 30, 2019. The fair value was determined using a binomial option pricing model with the following assumptions:

Risk-free rate	3.1%
Volatility	214.9%
Dividend yield	0.0%
Country risk premium	90%
Liquidity risk premium	3.0%

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Revenue recognition

The Company adopted Accounting Standards Codification (“ASC”) 606. ASC 606, Revenue from Contracts with Customers, establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those services recognized as performance obligations are satisfied.

The Company has assessed the impact of the guidance by performing the following five steps analysis:

- Step 1: Identify the contract
- Step 2: Identify the performance obligations
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price
- Step 5: Recognize revenue

Based on the assessment, the Company concluded that there was no change to the timing and pattern of revenue recognition for its current revenue streams in scope of Topic 606 and therefore there were no material changes to the Company’s consolidated financial statements upon adoption of ASC 606.

Sales revenue is recognized on the date of shipment to customers when a formal arrangement exists, the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist, and collectability is reasonably assured.

The Company’s revenue consists of invoiced value of goods, net of a value-added tax (VAT). No product return or sales discount allowance are made as products delivered and accepted by customers are not returnable and sales discounts are not granted after products are delivered.

Customer deposits

Payments received before all the relevant criteria for revenue recognition are satisfied are recorded as customer deposits. When all revenue recognition criteria are met, the customer deposits are recognized as revenue. As of June 30, 2020, and 2019, the Company had customer deposits of \$7,342,590 and \$6,514,619, respectively.

Stock-Based Compensation

The costs of all employee stock option, as well as other equity-based compensation arrangements, are reflected in the consolidated financial statements based on the estimated fair value of the awards on the grant date. That cost is recognized over the period during which an employee is required to provide service in exchange for the award—the requisite service period (usually the vesting period). Stock compensation for stock granted to non-employees is determined as the fair value of the consideration received or the fair value of equity instruments issued, whichever is more reliably measured.

Income taxes

We account for uncertain tax positions in accordance with Accounting Standards Codification, or ASC, 740, “Income Taxes.” The application of income tax law is inherently complex. Laws and regulations in this area are voluminous and are often ambiguous. As such, we are required to make many subjective assumptions and judgments regarding our income tax exposures. Interpretations of, and guidance surrounding, income tax laws and regulations change over time. Changes in our subjective assumptions and judgments can materially affect amounts recognized in the consolidated balance sheets and statements of income. See Note 11, “Taxes Payable,” of the Notes to Consolidated Financial Statements for additional detail on our uncertain tax positions and further information regarding ASC 740.

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Foreign currency translation

The reporting currency of the Company is the US dollar. The functional currency of the Company and Green New Jersey is the US dollar. The functional currency of the Chinese subsidiaries is the Chinese Yuan or Renminbi (“RMB”). For the subsidiaries whose functional currencies are other than the US dollar, all asset and liability accounts were translated at the exchange rate on the balance sheet date; stockholders’ equity is translated at the historical rates and items in the income statement and cash flow statements are translated at the average rate in each applicable period. Translation adjustments resulting from this process are included in accumulated other comprehensive income in the statement of shareholders’ equity. The resulting translation gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency is included in the results of operations as incurred.

Segment reporting

The Company utilizes the “management approach” model for segment reporting. The management approach model is based on the way a company’s management organizes segments within the company for making operating decisions and assessing performance. Reportable segments are based on products and services, geography, legal structure, management structure, or any other way management disaggregates a company.

As of June 30, 2020, the Company, through its subsidiaries is engaged into four main business segments based on location and product: Jinong (fertilizer production), Gufeng (fertilizer production) and Yuxing (agricultural products production) and the seven sales VIEs that the Company acquired on June 30, 2016 and January 1, 2017. As of June 30, 2020, the Company maintained four main business segments.

Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial assets and liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The Company’s financial instruments primarily consist of cash and cash equivalents, accounts receivable, other receivables, advances to suppliers, accounts payable, other payables, tax payable, and related party advances and borrowings.

As of the balance sheet dates, the estimated fair values of the financial instruments were not materially different from their carrying values as presented on the balance sheets. This is attributed to the short maturities of the instruments and that interest rates on the borrowings approximate those that would have been available for loans of similar remaining maturity and risk profile at respective balance sheet dates.

Statement of cash flows

The Company’s cash flows from operations are calculated based on the local currencies. As a result, amounts related to assets and liabilities reported on the statement of cash flows may not necessarily agree with changes in the corresponding balances on the balance sheets.

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Earnings per share

Basic earnings per share is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed based on the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding stock options and stock awards.

The components of basic and diluted earnings per share consist of the following:

	<b>Years Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
Net Income for Basic Earnings Per Share	\$ (136,752,136)	\$ 11,590,395
Basic Weighted Average Number of Shares	5,619,788	3,388,529
Net Income Per Share – Basic	\$ (24.33)	\$ 3.42
Net Income for Diluted Earnings Per Share	\$ (136,752,136)	\$ 11,590,395
Diluted Weighted Average Number of Shares	5,619,788	3,388,529
Net Income Per Share – Diluted	\$ (24.33)	\$ 3.42

Reclassification

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the 2019 consolidated financial statement presentation. Such reclassifications did not affect total revenues, operating income or net income or cash flows as previously reported.

Recent accounting pronouncements

In August 2018, the FASB issued ASU 2018-13, “Changes to the Disclosure Requirements for Fair Value Measurement.” ASU 2018-13 modifies the disclosure requirements on fair value measurements from Accounting Standards Codification (“ASC”) 820, “Fair Value Measurement.” ASU 2018-13 is effective for interim and annual reporting periods beginning after December 15, 2019, with early adoption permitted. The effect of the adoption of ASU 2018-13 will be a change to the disclosure requirements for certain fair value measurements.

In August 2018, the FASB issued ASU 2018-15, “Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract.” ASU 2018-15 requires customers in a cloud computing arrangement that is a service contract to follow the internal-use software guidance in ASC 350-40, “Intangibles—Goodwill and Other—Internal-Use Software,” to determine which implementation costs may be capitalized. ASU 2018-15 is effective for interim and annual reporting periods beginning after December 15, 2019, with early adoption permitted. The amendments in ASU 2018-15 can be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. The Company does not expect the adoption of ASU 2018-15 to have a material impact on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, “Simplifying the Accounting for Income Taxes.” ASU 2019-12 eliminates certain exceptions within ASC 740, “Income Taxes,” and clarifies certain aspects of ASC 740 to promote consistency among reporting entities. ASU 2019-12 is effective for interim and annual reporting periods beginning after December 15, 2020, with early adoption permitted. Most amendments within the standard are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company is evaluating the impact that adoption of ASU 2019-12 will have on its consolidated financial statements.

**NOTE 3 – GOING CONCERN**

The Company’s financial statements are prepared assuming that the Company will continue as a going concern. The Company has incurred operating losses and had negative operating cash flows in the fiscal year 2020 and may continue to incur operating losses and generate negative cash flows as the Company implements its future business plan. If the situation exists, there could be substantial doubt about the Company’s ability to continue as going concern.

To meet its working capital needs through the next twelve months and to fund the growth of the Company, the Company may consider plans to raise additional funds through the issuance of equity or borrow loan from local bank. The ability of the Company to continue as a going concern is dependent upon its ability to successfully execute its new business strategy and eventually attain profitable operations.



The accompanying financial statements do not include any adjustments to reflect the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as going concern.

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**NOTE 4 – INVENTORIES**

Inventories consisted of the following:

	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Raw materials	\$ 43,177,071	\$ 102,268,620
Supplies and packing materials	\$ 465,746	\$ 496,138
Work in progress	\$ 374,756	\$ 390,708
Finished goods	\$ 54,903,508	\$ 58,858,423
<b>Total</b>	<b>\$ 98,921,081</b>	<b>\$ 162,013,889</b>

During the year ended June 30, 2020, the Company sold compound fertilizers (finished goods) to certain parties at market price, and purchased equivalent amount of simple fertilizers (raw material) from the same parties also at market price. The simple fertilizers purchased, along with other materials were used in the Company's production facility to manufacture compound fertilizers. While nonmonetary, the sales and purchase transactions were consummated independently under separate agreements at different times, and measured at the prevailing market value. The total amount of nonmonetary sales and purchases amounted to \$43,537,582 during the year ended June 30, 2020. No gain or loss incurred as the result of the nonmonetary transactions.

For the fiscal year ended June 30, 2020, total inventories decreased \$63,092,808, or 38.9%, to \$98,921,081 from \$162,013,889 for the fiscal year ended June 30, 2019. This decrease was mainly due to the decrease in raw materials which is from \$102,268,620 to \$43,177,071. In the second and third quarters of fiscal year 2020, the bad weather lasted a long time in Pinggu, which is a mountainous area where Gufeng locates. The frequent rainfall and snowfall caused the damaged of Gufeng's warehouse. As a result, the inventories were seriously damaged. After comprehensive consideration and evaluation, the company confirmed the loss of \$39,643,198 of raw materials in the fiscal year 2020. This impairment loss is reported in the General and Administrative expenses.

**NOTE 5 – PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consisted of the following:

	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Building and improvements	\$ 37,799,650	\$ 38,877,508
Auto	3,207,619	3,391,040
Machinery and equipment	17,601,852	18,125,539
Agriculture assets	-	741,044
<b>Total property, plant and equipment</b>	<b>58,609,121</b>	<b>61,135,130</b>
Less: accumulated depreciation	(35,680,787)	(34,465,192)
<b>Total</b>	<b>\$ 22,928,334</b>	<b>\$ 26,669,938</b>

**CHINA GREEN AGRICULTURE, INC. AND SUBSIDIARIES**  
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**NOTE 6 – INTANGIBLE ASSETS**

Intangible assets consisted of the following:

	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Land use rights, net	\$ 8,850,905	\$ 9,341,327
Technology patent, net	2,069	3,004
Customer relationships, net	908,933	2,174,564
Non-compete agreement	230,669	436,634
Trademarks	5,759,049	5,925,920
<b>Total</b>	<b>\$ 15,751,625</b>	<b>\$ 17,881,449</b>

**LAND USE RIGHT**

On September 25, 2009, Yuxing was granted a land use right for approximately 88 acres (353,000 square meters or 3.8 million square feet) by the People's Government and Land & Resources Bureau of Hu County, Xi'an, Shaanxi Province. The fair value of the related intangible asset was determined to be the respective cost of RMB73,184,895 (or \$10,355,663). The intangible asset is being amortized over the grant period of 50 years using the straight-line method.

On August 13, 2003, Tianjuyuan was granted a certificate of Land Use Right for a parcel of land of approximately 11 acres (42,726 square meters or 459,898 square feet) at Ping Gu District, Beijing. The purchase cost was recorded at RMB1,045,950 (or \$148,002). The intangible asset is being amortized over the grant period of 50 years.

On August 16, 2001, Jinong received a land use right as a contribution from a shareholder, which was granted by the People's Government and Land & Resources Bureau of Yangling District, Shaanxi Province. The fair value of the related intangible asset at the time of the contribution was determined to be RMB7,285,099 (or \$1,030,842). The intangible asset is being amortized over the grant period of 50 years.

The Land Use Rights consisted of the following:

	<b>June 30, 2019</b>	<b>Foreign Currency Adjustment</b>	<b>Amortization</b>	<b>June 30, 2020</b>
Land use rights	\$ 11,868,721	(334,215)		11,534,506
Less: accumulated amortization	(2,527,394)		(156,207)	(2,683,601)
<b>Total land use rights, net</b>	<b>\$ 9,341,327</b>	<b>(334,215)</b>	<b>(156,207)</b>	<b>8,850,905</b>

**TECHNOLOGY PATENT**

On August 16, 2001, Jinong was issued a technology patent related to a proprietary formula used in the production of humid acid. The fair value of the related intangible asset was determined to be the respective cost of RMB 5,875,068 (or \$831,322) and is being amortized over the patent period of 10 years using the straight-line method. This technology patent has been fully amortized.

On July 2, 2010, the Company acquired Gufeng and its wholly-owned subsidiary Tianjuyuan. The fair value on the acquired technology patent was estimated to be RMB9,200,000 (or \$1,301,800) and is amortized over the remaining useful life of six years using the straight-line method. As of June 30, 2020, this technology patent is fully amortized.

On June 30, 2016, the Company acquired Xingyulei and Xindeguo. The fair value on the acquired technology patent was estimated to be RMB26,648 (or \$3,771) and RMB3,000(or \$425) respectively.

The technology know-how consisted of the following:

	<b>June 30, 2019</b>	<b>Foreign Currency Adjustment</b>	<b>Amortization</b>	<b>June 30, 2020</b>
Technology know-how	\$ 2,199,247	(61,930)		\$ 2,137,317
Less: accumulated amortization	(2,196,243)	61,098	(103)	(2,135,248)
Total technology know-how, net	\$ 3,004	(832)	(103)	\$ 2,069

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**CUSTOMER RELATIONSHIP**

On July 2, 2010, the Company acquired Gufeng and its wholly-owned subsidiary Tianjuyuan. The fair value on the acquired customer relationships was estimated to be RMB65,000,000 (or \$9,197,500) and is amortized over the remaining useful life of ten years. On June 30, 2016, and January 1, 2017 the Company acquired the VIE Companies. The fair value of the acquired customer relationships was estimated to be RMB14,729,602 (or \$2,084,239) and is amortized over the remaining useful life of seven to ten years.

	<b>June 30,</b>	<b>Foreign</b>		<b>June 30,</b>
	<b>2019</b>	<b>Currency</b>	<b>Amortization</b>	<b>2020</b>
		<b>Adjustment</b>		
Customer relationships	\$ 11,608,629	(326,890)		\$ 11,281,739
Less: accumulated amortization	(9,434,065)		(938,741)	(10,372,806)
Total customer relationships, net	\$ 2,174,564	(326,890)	(938,741)	\$ 908,933

**NON-COMPETE AGREEMENT**

On July 2, 2010, the Company acquired Gufeng and its wholly-owned subsidiary Tianjuyuan. The fair value on the acquired non-compete agreement was estimated to be RMB1,320,000 (or \$186,780) and is amortized over the remaining useful life of five years using the straight-line method. On June 30, 2016, and January 1, 2017 the Company acquired the VIE Companies. The fair value of the acquired non-compete agreements was estimated to be RMB6,843,439 (or \$968,347) and is amortized over the remaining useful life of five years using the straight-line method.

	<b>June 30,</b>	<b>Foreign</b>		<b>June 30,</b>
	<b>2019</b>	<b>Currency</b>	<b>Amortization</b>	<b>2020</b>
		<b>Adjustment</b>		
Non-compete agreement	\$ 1,188,597	(33,470)		\$ 1,155,127
Less: accumulated amortization	(751,963)		(172,495)	(924,458)
Total non-compete agreement, net	\$ 436,634	(33,470)	(172,495)	\$ 230,669

**TRADEMARKS**

On July 2, 2010, the Company acquired Gufeng and its wholly-owned subsidiary Tianjuyuan. The preliminary fair value on the acquired trademarks was estimated to be RMB40,700,000 (or \$5,759,050) and is subject to an annual impairment test. On June 30, 2016, and January 1, 2017 the Company acquired the VIE Companies. The fair value of the acquired trademarks was estimated to be RMB29,648 (or \$4,195) and is subject to an annual impairment test.

**AMORTIZATION EXPENSE**

Estimated amortization expenses of intangible assets for the next five twelve months periods ended June 30, are as follows:

<b>Years Ending June 30,</b>	<b>Expense (\$)</b>
2021	812,591
2022	586,726
2023	548,263
2024	395,530
2025	329,007

**NOTE 7 – OTHER NON-CURRENT ASSETS**

Other non-current assets mainly include advance payments related to rent the land use for the Company. As of June 30, 2020, the balance of other non-current assets was \$12,843,512, which was the rental fee advances for agriculture lands that the Company engaged in Shiquan County from 2020 to 2027.

In March 2017, Jinong entered into the rental agreement for approximately 3,400 mu, and 2600-hectare agriculture lands in Shiquan County,

Shaanxi Province. The rental agreement was from April 2017 and was renewable for every ten-year period up to 2066. The aggregate rental fee was approximately RMB 13 million per annum, The Company had made 10-year advances of rental fee per rental terms. The Company has amortized \$1.9 million as expenses for the year ended June 30, 2020 and \$2.0 million as expenses for the year ended June 30, 2019.

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Estimated amortization expenses of the rental advance payments herein for the next four twelve-month periods ended June 30 and thereafter are as follows:

**Years ending June 30,**

2021	\$ 1,899,638
2022	\$ 1,899,638
2023	\$ 1,899,638
2024	\$ 1,899,638
2025 and thereafter	\$ 5,244,962

**NOTE 8 – ACCRUED EXPENSES AND OTHER PAYABLES**

Accrued expenses and other payables consisted of the following:

	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Payroll payable	\$ 23,435	\$ 24,891
Welfare payable	145,270	149,479
Accrued expenses	7,640,130	6,847,041
Other payables	6,211,818	4,886,202
Other levy payable	118,671	122,109
Total	<u>\$ 14,139,324</u>	<u>\$ 12,029,722</u>

**NOTE 9 – AMOUNT DUE TO RELATED PARTIES**

At the end of December 2015, Yuxing entered into a sales agreement with the Company’s affiliate, 900LH.com Food Co., Ltd. (“900LH.com”, previously announced as Xi’an Gem Grain Co., Ltd) pursuant to which Yuxing is to supply various vegetables to 900LH.com for its incoming seasonal sales at the holidays and year ends (the “Sales Agreement”). The contingent contracted value of the Sales Agreement is RMB25,500,000 (approximately \$3,608,250). During the year ended June 30, 2020 and 2019 Yuxing has sold approximately \$1,200,090 and \$604,073 products to 900LH.com.

The amount due from 900LH.com to Yuxing was 0 and 0 as of June 30, 2020 and 2019, respectively.

As of June 30, 2020, and June 30, 2019, the amount due to related parties was \$4,212,407 and \$3,641,945, respectively. As of June 30, 2020, and June 30, 2019, \$990,500 and \$1,019,200, respectively were amounts that Gufeng borrowed from a related party, Xi’an Techteam Science & Technology Industry (Group) Co. Ltd., a company controlled by Mr. Zhuoyu Li, Chairman and CEO of the Company, representing unsecured, non-interest bearing loans that are due on demand. These loans are not subject to written agreements.

As of June 30, 2020, the Company’s subsidiary, Jinong, owed 900LH.com. \$11,819

On July 1, 2018, Jinong signed an office rental agreement with Kingtone Information Technology Co., Ltd. (“Kington Information”), of which Mr. Zhuoyu Li, Chairman and CEO of the Company, served as Chairman. Pursuant to the rental agreement, Jinong rented 612 square meters (approximately 6,588 square feet) of office space from Kingtone Information. The rental agreement provides for a two-year term effective as of July 1, 2018 with monthly rent of RMB24,480 (approximately \$3,464).

**NOTE 10 – LOAN PAYABLES**

As of June 30, 2020, the short-term loan payables consisted of two loans which mature on dates ranging from June 16, 2021 through June 22, 2021 with interest rates ranging from 5.22% to 5.66%. No. 1 and 2 below are collateralized by Tianjuyuan’s land use right and building ownership right. Loan No. 2 is also guaranteed by the cash deposit.

**June 30,**

<b>No.</b>	<b>Payee</b>	<b>Loan period per agreement</b>	<b>Interest Rate</b>	<b>2019</b>
1	Postal Saving Bank of China - Pinggu Branch	June 17, 2020-June 16, 2021	5.66%	2,122,500
2	Beijing Bank -Pinggu Branch	June 22, 2020-June 22, 2021	5.22%	1,415,000
	Total			<u>\$ 3,537,500</u>

The interest expense from short-term loans was \$278,328 and \$318,122 for the year ended June 30, 2020 and 2019, respectively.



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**NOTE 11 – CONVERTIBLE NOTES PAYABLE**

Relating to the acquisition of the VIE Companies, the Company subsidiary, Jinong, issued to the VIE Companies shareholders convertible notes payable twice, in the aggregate notional amount of RMB 51,000,000 (\$7,216,500) with a term of three years and an annual interest rate of 3%.

No.	Related Acquisitions of Sales VIEs	Issuance Date	Maturity Date	Notional Interest Rate	Conversion Price	Notional Amount (in RMB)
1	Wangtian, Lishijie, Xindeguo, Xinyulei, Jinyanguang	June 30, 2016	June 30, 2020	3%	\$ 5.00	39,000,000
2	Fengnong, Xiangrong	January 1, 2017	December 31, 2019	3%	\$ 5.00	12,000,000

The convertible notes take priority over the preferred stock and common stock of Jinong, and any other class or series of capital stocks Jinong issues in the future in terms of interests and payments in the event of any liquidation, dissolution or winding up of Jinong. On or after the third anniversary of the issuance date of the note, noteholders may request Jinong to process the note conversion to convert the note into shares of the Company's common stock. The notes cannot be converted prior to the mature date. The per share conversion price of the notes is the higher of the following: (i) \$5.00 per share or (ii) 75% of the closing price of the Company's common stock on the date the noteholder delivers the conversion notice. Due to the discontinuation of VIE agreements with Zhenbai's shareholders, certain convertible notes issued on June 30, 2016 with a face amount of RMB 12,000,000 (\$1,698,000) were tendered back to the Company. All outstanding balance of unpaid principal and accrued interest in the tendered convertible notes were forfeited.

On November 15, 2019, the Company issued 995,000 shares of common stock at the price of \$5.00 per share for the total amount of \$4,975,000 to the holders of the Company's convertible notes payable in connection with the payment of the convertible notes' principal and interests. The convertible notes were issued on June 30, 2016 and matured on June 30, 2019.

On February 14, 2020, the Company issued 377,650 shares of common stock at the price of \$5.00 per share for the total amount of \$1,888,250 to the holders of the Company's convertible notes payable in connection with the payment of the convertible notes' principal and interests. The convertible notes were issued on January 1, 2017 and matured on January 1, 2020.

The Company determined that the fair value of the convertible notes payable was RMB 0 (\$0) and RMB 51,629,859 (\$7,517,307) as of June 30, 2020 and June 30, 2019, respectively. Aside from the forfeiture of the convertible notes previously issued to Zhenbai's shareholders, the difference between the fair value of the notes and the face amount of the notes is being amortized to accretion implied interest expense over the three-year life of the notes. As of June 30, 2020, the accumulated amortization of this discount into accretion expenses was \$1,375,499. As of June 30, 2019, the accumulated amortization of this discount into accretion expense was \$1,333,792.

**NOTE 12 – TAXES PAYABLE**

Enterprise Income Tax

Effective January 1, 2008, the Enterprise Income Tax ("EIT") law of the PRC replaced the tax laws for Domestic Enterprises ("DEs") and Foreign Invested Enterprises ("FIEs"). The EIT rate of 25% replaced the 33% rate that was applicable to both DEs and FIEs. The two-year tax exemption and three-year 50% tax reduction tax holiday for production-oriented FIEs was eliminated. Since January 1, 2008, Jinong became subject to income tax in China at a rate of 15% as a high-tech company, because of the expiration of its tax exemption on December 31, 2007. Accordingly, it made provision for income taxes for the years ended June 30, 2020 and 2019 of \$2,344,928 and \$6,497,340, respectively, which is mainly due to the operating income from VIEs. VIEs is subject to 25% EIT rate and thus it made provision for income taxes of \$892,719 and \$3,482,862 for the years ended June 30, 2020 and 2019, respectively.

Value-Added Tax

All the Company's fertilizer products that are produced and sold in the PRC were subject to a Chinese Value-Added Tax (VAT) of 13% of the gross sales price. On April 29, 2008, the PRC State of Administration of Taxation (SAT) released Notice #56, "Exemption of VAT for Organic Fertilizer Products", which allows certain fertilizer products to be exempt from VAT beginning June 1, 2008. The Company submitted the application for exemption in May 2009, which was granted effective September 1, 2009, continuing through December 31, 2015. On August 10, 2015 and August 28, 2015, the SAT released Notice #90, "Reinstatement of VAT for Fertilizer Products", and Notice #97, "Supplementary Reinstatement of VAT for Fertilizer Products", which restore the VAT of 13% of the gross sales price on certain fertilizer products includes non-organic fertilizer products

starting from September 1, 2015, but granted taxpayers a reduced rate of 3% from September 1, 2015 through June 30, 2016.

On April 28, 2017, the PRC State of Administration of Taxation (SAT) released Notice 2017 #37, “*Notice on Policy of Reduced Value Added Tax Rate*,” under which, effective July 1, 2017, all of the Company’s fertilizer products that are produced and sold in the PRC are subject to a Chinese Value-Added Tax (VAT) of 11% of the gross sales price. The tax rate was reduced 2% from 13%.

On April 4, 2018, the PRC State of Administration of Taxation (SAT) released Notice 2018 #32, “*Notice on Adjustment of VAT Tax Rate*,” under which, effective May 1, 2018, all of the Company’s fertilizer products that are produced and sold in the PRC are subject to a Chinese Value-Added Tax (VAT) of 10% of the gross sales price. The tax rate was reduced 1% from 11%.

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On March 20, 2019, the PRC State of Administration of Taxation (SAT) released Notice 2019 #39, “*Announcement on Policies Concerning Deepening the Reform of Value Added Tax*,” under which, Effective April 1, 2019, all of the Company’s fertilizer products that are produced and sold in the PRC are subject to a Chinese Value-Added Tax (VAT) of 9% of the gross sales price. The tax rate was reduced 1% from 10%.

Income Taxes and Related Payables

Taxes payable consisted of the following:

	<b>June 30, 2020</b>	<b>June 30, 2019</b>
VAT provision	\$ (257,068)	\$ (424,535)
Income tax payable	1,704,543	1,550,830
Other levies	1,187,442	1,220,859
Repatriation tax	29,010,535	29,010,535
<b>Total</b>	<b>\$ 31,645,452</b>	<b>\$ 31,357,690</b>

The provision for income taxes consists of the following:

	<b>Years Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
Current tax – foreign	\$ 2,344,928	\$ 6,497,340
<b>Total</b>	<b>\$ 2,344,928</b>	<b>\$ 6,497,340</b>

Significant components of deferred tax assets were as follows:

	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Deferred tax assets		
Deferred Tax Benefit	33,743,546	15,377,180
Valuation allowance	(33,743,546)	(15,377,180)
<b>Total deferred tax assets</b>	<b>\$ -</b>	<b>\$ -</b>

The change in valuation allowance for the year ended June 30, 2020 was an increase of \$18,366,366 which was resulted from an increase in the net operating losses generated in USA.

The Company periodically evaluates the likelihood of the realization of deferred tax assets, and adjusts the carrying amount of the deferred tax assets by the valuation allowance to the extent the future realization of the deferred tax assets is not judged to be more likely than not. The Company considers many factors when assessing the likelihood of future realization of its deferred tax assets, including its recent cumulative earnings experience by taxing jurisdiction, expectations of future taxable income or loss, the carryforward periods available to the Company for tax reporting purposes, and other relevant factors.

As of June 30, 2020, based on the weight of available evidence, including cumulative losses in recent years and expectations of future taxable income, the Company determined that it was more likely than not that its deferred tax assets would not be realized and the total deferred tax assets is 0.

U.S. Tax Cuts and Jobs Act and Provisional Estimates

On December 22, 2017, the TCJA was enacted into law, which significantly changes existing U.S. tax law and includes numerous provisions that affect our business, such as imposing a one-time transition tax on deemed repatriation of deferred foreign income, reducing the U.S. federal statutory tax rate, and adopting a territorial tax system. The TCJA required us to incur a one-time transition tax on deferred foreign income not previously subject to U.S. income tax at a rate of 15.5% for foreign cash and certain other net current assets, and 8% on the remaining income. The

TCJA also reduced the U.S. federal statutory tax rate from 35% to 21% effective January 1, 2018. For fiscal year 2018, our blended U.S. federal statutory tax rate is 27.5%. This is the result of using the tax rate of 34% for the first and second quarter of fiscal year 2018 and the reduced tax rate of 21% for the third and fourth quarter of fiscal year 2018. For fiscal year 2019 and 2020, our U.S. federal statutory tax rate is 21%.

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Tax Rate Reconciliation

Our effective tax rates were approximately -1.7% and 35.9% for years ended June 30, 2020 and 2019, respectively. Substantially all the Company's income before income taxes and related tax expense are from PRC sources. Actual income tax benefit reported in the consolidated statements of operations and comprehensive income differ from the amounts computed by applying the US statutory income tax rate of 21.0% and 21.0% to income before income taxes for the years ended June 30, 2020 and 2019 for the following reasons:

**June 30, 2020**

	<b>China</b>		<b>United States</b>		<b>Total</b>	
	<b>15% - 25%</b>		<b>21%</b>			
Pretax income (loss)	\$(132,851,959)		(1,555,249)		\$(134,407,208)	
Expected income tax expense (benefit)	(33,212,990)	25.0%	(326,602)	21.0%	(33,539,592)	
High-tech income benefits on Jinong	1,814,372	-1.4%	-	-	1,814,372	
Losses from subsidiaries in which no benefit is recognized	33,743,546	-25.4%	-	-	33,743,546	
Change in valuation allowance on deferred tax asset from US tax benefit	-		326,602	(21.0)%	326,602	
Actual tax expense	\$ 2,344,928	-1.8%	\$ -	%	\$ 2,344,928	-1.7%

**June 30, 2019**

	<b>China</b>		<b>United States</b>		<b>Total</b>	
	<b>15% - 25%</b>		<b>21%</b>			
Pretax income (loss)	\$ 19,894,737		(1,807,002)		\$ 18,087,735	
Expected income tax expense (benefit)	4,973,684	25.0%	(379,470)	21.0%	4,594,214	
High-tech income benefits on Jinong	(697,062)	(3.5)%	-	-	(697,062)	
Losses from subsidiaries in which no benefit is recognized	2,220,717	11.2%	-	-	2,220,717	
Change in valuation allowance on deferred tax asset from US tax benefit	-		379,470	(21.0)%	379,470	
Actual tax expense	\$ 6,497,340	32.7%	\$ -	%	\$ 6,497,340	35.9%

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**NOTE 13 – STOCKHOLDERS’ EQUITY**

Common Stock

On April 25, 2019, the Company entered into a Stock Purchase Agreement (the “SPA”) with certain non-US persons, as defined in Regulation S promulgated under the Securities Act of 1933, in connection with a private placement offering of 6,000,000 shares of common stock, par value \$0.001 per share, of the Company. The purchase price per share of the offering is \$1.00. On April 26, 2019, the Company issued 6,000,000 Shares of the Company’s Common Stock, par value \$0.001 per share, pursuant to the SPA. The Shares issued in the offering are exempt from the registration requirements of the Securities Act, pursuant to Section 4(a)(2) of the Securities Act and/or Regulation S promulgated thereunder.

On May 10, 2019, the Company sold 2,270,000 shares of common stock at the price of \$1.00 per share for total proceeds of \$2,270,000 to certain third-party individuals. The issuances were completed pursuant to the exemption from registration provided by Regulation S promulgated under the Securities Act of 1933, as amended.

On June 25, 2019, the Company approved the amendment to its Articles of Incorporation to affect a 1 for 12 reverse stock splits. The number of outstanding shares of the registrant’s common stock on June 30, 2019, was 3,986,912.

During the year ended June 30, 2019, the Company issued an aggregate of 650,000 shares of common stock to pay off consulting services under the 2009 Plan. The value of the stock was \$370,500 and is based on the fair value of the Company’s common stock on the grant date.

On July 2, 2019, the Company issued 59,567 shares of common stock to pay off consulting services under the 2009 Plan. The value of the stock was \$330,000 and was based on the fair value of the Company’s common stock on the grant date.

On August 13, 2019, the Company sold 212,000 shares of common stock at the price of \$10.00 per share for total proceeds of \$2,120,000 to certain third-party individuals. The issuances were completed pursuant to the exemption from registration provided by Regulation S promulgated under the Securities Act of 1933, as amended.

On August 15, 2019, Shaanxi Baoyu Science and Technology Investment Company, a limited liability investment company incorporated in the People’s Republic of China (“Shaanxi Baoyu”), entered into a certain Stock Purchase Agreement (the “SPA”) pursuant to Regulation S promulgated under the Securities Act of 1933 with the Company in connection with a private placement offering of 471,000 shares of Common Stock, par value \$0.001 per share, of the Company. The purchase price per share of the offering was \$12.00 for total proceeds of \$5,652,000. On August 16, 2019, the Company issued 471,000 Shares of the Company’s Common Stock, par value \$0.001 per share, to Shaanxi Baoyu, pursuant to the SPA.

On August 19, 2019, the Company sold 248,000 shares of common stock at the price of \$10.00 per share for total proceeds of \$2,480,000 to certain unrelated individuals. The issuances were completed pursuant to the exemption from registration provided by Regulation S promulgated under the Securities Act of 1933, as amended.

On November 15, 2019, the Company issued 995,000 shares of common stock at the price of \$5.00 per share for the total amount of \$4,975,000 to the holders of the Company’s convertible notes payable in connection with the payment of the convertible notes’ principal and interests. The convertible notes were issued on June 30, 2016 and matured on June 30, 2019.

On February 14, 2020, the Company issued 377,650 shares of common stock at the price of \$5.00 per share to the holders of the Company’s convertible notes payable in connection with the payment of the convertible notes’ principal and interests. The convertible notes were issued on January 1, 2017 with amount of RMB12,000,000 (\$1,726,619) and matured on January 1, 2020 with total amount of RMB13,112,723 (\$1,888,250) included interests.

As of June 30, 2020, and June 30, 2019, there were 6,350,129 and 3,986,912 shares of common stock issued and outstanding, respectively.

Preferred Stock

Under the Company’s Articles of Incorporation, the Board has the authority, without further action by stockholders, to designate up to 20,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges, qualifications and restrictions granted to or imposed upon the preferred stock, including dividend rights, conversion rights, voting rights, rights and terms of redemption, liquidation preference and sinking fund terms, any or all of which may be greater than the rights of the common stock. If the Company sells preferred stock under its

registration statement on Form S-3, it will fix the rights, preferences, privileges, qualifications and restrictions of the preferred stock of each series in the certificate of designation relating to that series and will file the certificate of designation that describes the terms of the series of preferred stock the Company offers before the issuance of the related series of preferred stock.

As of June 30, 2020, the Company has 20,000,000 shares of preferred stock authorized, with a par value of \$.001 per share, of which no shares are issued or outstanding.

**NOTE 14 – STOCK OPTIONS**

There were no issuances of stock options during the years ended June 30, 2020 and 2019.

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**NOTE 15 – CONCENTRATIONS AND LITIGATION**

***Market Concentration***

All the Company’s revenue-generating operations are conducted in the PRC. Accordingly, the Company’s business, financial condition and results of operations may be influenced by the political, economic and legal environments in the PRC, and by the general state of the PRC’s economy.

The Company’s operations in the PRC are subject to specific considerations and significant risks not typically associated with companies in North America and Western Europe. These include risks associated with, among other things, the political, economic and legal environment and foreign currency exchange. The Company’s results may be adversely affected by, among other things, changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

***Vendor and Customer Concentration***

There was no vendor that the Company purchased over 10% of its raw materials for fertilizer manufacturing during the year ended June 30, 2020.

There were two vendors from which the Company purchased 10.8% and 10.6%, respectively, of its raw materials for fertilizer manufacturing during the year ended June 30, 2019. Total purchases from these two vendors amounted to \$51,459,699 as June 30, 2019

Two customers accounted for an aggregate amount of \$42,091,565, or 10.5% and 10.4%, respectively, of the Company’s manufactured fertilizer sales for the year ended June 30, 2020.

Two customers accounted for an aggregate amount of \$35,303,527, or 7.4% and 7.3%, respectively, of the Company’s manufactured fertilizer sales for the year ended June 30, 2019.

***Litigation***

On June 5, 2020, an individual filed suit pro se (as in, representing oneself without an attorney) in the Southern District of Florida federal court alleging violations of the Securities Exchange Act. The Company believes the action is without merit and vigorously opposed it. The company has moved to dismiss the litigation and for attorney’s fees from the plaintiff. The motions are pending.

**NOTE 16 – SEGMENT REPORTING**

As of June 30, 2020, the Company was organized into four main business segments based on location and product: Jinong (fertilizer production), Gufeng (fertilizer production), Yuxing (agricultural products production) and the sales VIEs. Each of the four operating segments referenced above has separate and distinct general ledgers. The chief operating decision maker (“CODM”) receives financial information, including revenue, gross margin, operating income and net income produced from the various general ledger systems to make decisions about allocating resources and assessing performance; however, the principal measure of segment profitability or loss used by the CODM is net income by segment.

	<b>Years Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
Revenues from unaffiliated customers:		
Jinong	\$ 57,001,659	\$ 76,494,490
Gufeng	119,623,964	136,285,236
Yuxing	9,227,113	10,101,051
Sales VIEs	63,390,760	71,440,026
Consolidated	<u>\$ 249,243,496</u>	<u>\$294,320,803</u>
Operating income (expense):		
Jinong	\$ (18,249,504)	\$ 7,288,789
Gufeng	(117,826,339)	14,076,655
Yuxing	413,226	(3,435,206)



Sales VIEs	3,045,528	2,681,521
Reconciling item (1)	-	-
Reconciling item (2)	(1,555,269)	(1,807,011)
Consolidated	<u><u>\$ (134,172,358)</u></u>	<u><u>\$ 18,804,748</u></u>

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Net income (loss):

Jinong	\$ (15,422,166)	\$ 5,925,025
Gufeng	(88,682,298)	10,191,675
Yuxing	425,957	(3,435,659)
Sales VIEs	2,153,503	729,023
Reconciling item (1)	19	9
Reconciling item (2)	(1,555,269)	(1,807,009)
Reconciling item (3)	<u>\$ (33,671,883)</u>	<u>\$ (12,668)</u>
Consolidated	<u>\$ (136,752,136)</u>	<u>\$ 11,590,395</u>

Depreciation and Amortization:

Jinong	\$ 760,535	\$ 788,787
Gufeng	2,070,861	2,144,061
Yuxing	1,179,144	1,242,761
Sales VIEs	687,942	745,169
Consolidated	<u>\$ 4,698,482</u>	<u>\$ 4,920,779</u>

Interest expense:

Jinong	25,593	277,003
Gufeng	278,373	318,122
Yuxing	-	-
Sales VIEs	105	-
Consolidated	<u>\$ 304,071</u>	<u>\$ 595,125</u>

Capital Expenditure:

Jinong	\$ 50,625	\$ 6,862
Gufeng	4,448	47,096
Yuxing	27,794	9,653
Sales VIEs	14,617	-
Consolidated	<u>\$ 97,483</u>	<u>\$ 63,610</u>

Identifiable assets:

	As of	
	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>
Jinong	\$ 83,055,679	\$ 149,166,251
Gufeng	213,038,203	253,149,321
Yuxing	34,310,053	35,900,242
Sales VIEs	44,715,491	42,269,307
Reconciling item (1)	(33,157,364)	518,158
Reconciling item (2)	166,121	(2,879)
Consolidated	<u>\$ 342,128,183</u>	<u>\$ 481,000,399</u>

(1) Reconciling amounts refer to the unallocated assets or expenses of Green New Jersey.

(2) Reconciling amounts refer to the unallocated assets or expenses of the Parent Company.

(3) Reconciling amounts refer to the loss on discontinuing sales VIE of Shenqiu Zhenbai.

Total revenues from exported products currently accounted for less than 1% of the Company's total fertilizer revenues for the years ended June 30, 2020 and 2019, respectively.



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**NOTE 17 – COMMITMENTS AND CONTINGENCIES**

On July 1, 2018, Jinong signed an office rental agreement with Kingtone Information Technology Co., Ltd. (“Kington Information”), of which Mr. Zhuoyu Li, Chairman and CEO of the Company, served as Chairman. Pursuant to the rental agreement, Jinong rented 612 square meters (approximately 6,588 square feet) of office space from Kingtone Information. The rental agreement provides for a two-year term effective as of July 1, 2018 with monthly rent of RMB24,480 (approximately \$3,464).

In February 2004, Tianjuyuan signed a fifty-year rental agreement with the village committee of Dong Gao Village and Zhen Nan Zhang Dai Village in the Beijing Ping Gu District, at a monthly rent of RMB2,958 (\$419).

Accordingly, the Company recorded an aggregate of \$46,815 and \$\$48,257 as rent expenses for the years ended June 30, 2020 and 2019, respectively. The contingent rent expenses herein for the next five years ended June 30, are as follows:

Years ending June 30,	
2021	46,815
2022	46,815
2023	46,815
2024	46,815
2025	46,815

**NOTE 18 – VARIABLE INTEREST ENTITIES**

In accordance with accounting standards regarding consolidation of variable interest entities, VIEs are generally entities that lack sufficient equity to finance their activities without additional financial support from other parties or whose equity holders lack adequate decision-making ability. All VIEs with which a company is involved must be evaluated to determine the primary beneficiary of the risks and rewards of the VIE. The primary beneficiary is required to consolidate the VIE for financial reporting purposes.

Green Nevada through one of its subsidiaries, Jinong, entered into a series of agreements (the “VIE Agreements”) with Yuxing for it to qualify as a VIE, effective June 16, 2013.

The Company has concluded, based on the contractual arrangements, that Yuxing is a VIE and that the Company’s wholly-owned subsidiary, Jinong, absorbs a majority of the risk of loss from the activities of Yuxing, thereby enabling the Company, through Jinong, to receive a majority of Yuxing expected residual returns.

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On June 30, 2016 and January 1, 2017, the Company, through its wholly-owned subsidiary Jinong, entered into strategic acquisition agreements and into a series of contractual agreements to qualify as VIEs with the shareholders of the sales VIE Companies.

Jinong, the sales VIE Companies, and the shareholders of the sales VIE Companies also entered into a series of contractual agreements for the sales VIE Companies to qualify as VIEs (the "VIE Agreements").

On November 30, 2017, the Company, through its wholly-owned subsidiary Jinong, exited the VIE agreements with the shareholders of Zhenbai.

As a result of these contractual arrangements, with Yuxing and the sales VIE Companies the Company is entitled to substantially all the economic benefits of Yuxing and the VIE Companies. The following financial statement amounts and balances of the VIEs were included in the accompanying consolidated financial statements as of June 30, 2020 and June 30, 2019:

	<b>June 30,</b> <b>2020</b>	<b>June 30,</b> <b>2019</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 712,301	\$ 818,312
Accounts receivable, net	33,727,918	29,933,837
Inventories	22,995,075	19,944,011
Other current assets	593,942	475,001
Related party receivable	66	(1,031)
Advances to suppliers	520,901	3,606,384
<b>Total Current Assets</b>	<b>58,550,203</b>	<b>54,776,514</b>
Plant, Property and Equipment, Net	8,513,395	9,753,039
Other assets	59,575	218,549
<b>Intangible Assets, Net</b>	<b>9,391,626</b>	<b>10,212,668</b>
Goodwill	2,510,745	3,208,779
<b>Total Assets</b>	<b>\$ 79,025,544</b>	<b>\$ 78,169,549</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 16,416,828	\$ 17,250,276
Customer deposits	86,430	256,489
Accrued expenses and other payables	6,996,544	6,243,753
Amount due to related parties	41,549,931	42,680,723
<b>Total Current Liabilities</b>	<b>65,049,733</b>	<b>66,431,241</b>
<b>Total Liabilities</b>	<b>\$ 65,049,733</b>	<b>\$ 66,431,241</b>
<b>Stockholders' equity</b>	<b>13,975,811</b>	<b>11,738,308</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 79,025,544</b>	<b>\$ 78,169,549</b>
<b>Years Ended June 30,</b>		
	<b>2020</b>	<b>2019</b>
Revenue	\$ 72,617,872	\$ 81,541,077
Expenses	70,038,413	84,247,714
<b>Net income</b>	<b>\$ 2,579,459</b>	<b>\$ (2,706,637)</b>



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**NOTE 19 – BUSINESS COMBINATIONS**

On June 30, 2016, the Company, through its wholly-owned subsidiary Jinong, entered into strategic acquisition agreements and also into a series of contractual agreements to qualify as VIEs with the shareholders of Shaanxi Lishijie Agrochemical Co., Ltd., Songyuan Jinyanguang Sannong Service Co., Ltd., Shenqiu County Zhenbai Agriculture Co., Ltd., Weinan City Linwei District Wangtian Agricultural Materials Co., Ltd., Aksu Xindeguo Agricultural Materials Co., Ltd., and Xinjiang Xinyulei Eco-agriculture Science and Technology Co., Ltd.

Subsequently, on January 1, 2017, Jinong entered into similar strategic acquisition agreements and a series of contractual agreements to qualify as VIEs with the shareholders of Sunwu County Xiangrong Agricultural Materials Co., Ltd., and Anhui Fengnong Seed Co., Ltd.

On November 30, 2017, the Company, through its wholly-owned subsidiary Jinong, discontinued the strategic acquisition agreements and the series of contractual agreements with the shareholders of Zhenbai.

The VIE Agreements are as follows:

Entrusted Management Agreements

Pursuant to the terms of certain Entrusted Management Agreements dated June 30, 2016 and January 1, 2017, between Jinong and the shareholders of the sales VIE Companies (the “Entrusted Management Agreements”), the sales VIE Companies and their shareholders agreed to entrust the operations and management of its business to Jinong. According to the Entrusted Management Agreement, Jinong possesses the full and exclusive right to manage the sales VIE Companies’ operations, assets and personnel, has the right to control all the sales VIE Companies’ cash flows through an entrusted bank account, is entitled to the sales VIE Companies’ net profits as a management fee, is obligated to pay all the sales VIE Companies’ payables and loan payments, and bears all losses of the sales VIE Companies. The Entrusted Management Agreements will remain in effect until (i) the parties mutually agree to terminate the agreement; (ii) the dissolution of the sales VIE Companies; or (iii) Jinong acquires all the assets or equity of the sales VIE Companies (as more fully described below under “Exclusive Option Agreements”).

Exclusive Technology Supply Agreements

Pursuant to the terms of certain Exclusive Technology Supply Agreements dated June 30, 2016 and January 1, 2017, between Jinong and the sales VIE companies (the “Exclusive Technology Supply Agreements”), Jinong is the exclusive technology provider to the sales VIE companies. The sales VIE companies agreed to pay Jinong all fees payable for technology supply prior to making any payments under the Entrusted Management Agreement. The Exclusive Technology Supply Agreements shall remain in effect until (i) the parties mutually agree to terminate the agreement; (ii) the dissolution of the sales VIE companies; or (iii) Jinong acquires the sales VIE companies (as more fully described below under “Exclusive Option Agreements”).

Shareholder’s Voting Proxy Agreements

Pursuant to the terms of certain Shareholder’s Voting Proxy Agreements dated June 30, 2016 and January 1, 2017, among Jinong and the shareholders of the sales VIE companies (the “Shareholder’s Voting Proxy Agreements”), the shareholders of the sales VIE companies irrevocably appointed Jinong as their proxy to exercise on such shareholders’ behalf all of their voting rights as shareholders pursuant to PRC law and the Articles of Association of the sales VIE companies, including the appointment and election of directors of the sales VIE companies. Jinong agreed that it shall maintain a board of directors, the composition and appointment of which shall be approved by the Board of the Company. The Shareholder’s Voting Proxy Agreements will remain in effect until Jinong acquires all the assets or equity of the sales VIE companies.

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Exclusive Option Agreements

Pursuant to the terms of certain Exclusive Option Agreements dated June 30, 2016 and January 1, 2017, among Jinong, the sales VIE companies, and the shareholders of the sales VIE companies (the “Exclusive Option Agreements”), the shareholders of the sales VIE companies granted Jinong an irrevocable and exclusive purchase option (the “Option”) to acquire the sales VIE companies’ equity interests and/or remaining assets, but only to the extent that the acquisition does not violate limitations imposed by PRC law on such transactions. The Option is exercisable at any time at Jinong’s discretion so long as such exercise and subsequent acquisition of the sales VIE companies does not violate PRC law. The consideration for the exercise of the Option is to be determined by the parties and memorialized in the future by definitive agreements setting forth the kind and value of such consideration. Jinong may transfer all rights and obligations under the Exclusive Option Agreements to any third parties without the approval of the shareholders of the sales VIE companies so long as a written notice is provided. The Exclusive Option Agreements may be terminated by mutual agreements or by 30 days written notice by Jinong.

Equity Pledge Agreements

Pursuant to the terms of certain Equity Pledge Agreements dated June 30, 2016 and January 1, 2017, among Jinong and the shareholders of the sales VIE companies (the “Pledge Agreements”), the shareholders of the sales VIE companies pledged all of their equity interests in the sales VIE companies to Jinong, including the proceeds thereof, to guarantee all of Jinong’s rights and benefits under the Entrusted Management Agreements, the Exclusive Technology Supply Agreements, the Shareholder’ Voting Proxy Agreements and the Exclusive Option Agreements. Prior to termination of the Pledge Agreements, the pledged equity interests cannot be transferred without Jinong’s prior written consent. The Pledge Agreements may be terminated only upon the written agreement of the parties.

Non-Compete Agreements

Pursuant to the terms of certain Non-Compete Agreements dated June 30, 2016 and January 1, 2017, among Jinong and the shareholders of the sales VIE companies (the “Non-Compete Agreements”), the shareholders of the sales VIE companies agreed that during the period beginning on the initial date of their services with Jinong, and ending five (5) years after termination of their services with Jinong, without Jinong’s prior written consent, they will not provide services or accept positions including but not limited to partners, directors, shareholders, managers, proxies or consultants, provided by any profit making organizations with businesses that may compete with Jinong. They will not solicit or interfere with any of the Jinong’s customers, or solicit, induce, recruit or encourage any person engaged or employed by Jinong to terminate his or her service or engagement. If the shareholders of the sales VIE companies breach the non-compete obligations contained therein, Jinong is entitled to all loss and damages; if the damages are difficult to determine, remedies bore the shareholders of the sales VIE companies shall be no less than 50% of the salaries and other expenses Jinong provided in the past.

The Company entered these VIE Agreements as a way for the Company to have more control over the distribution of its products. The transactions are accounted for as business combinations in accordance with ASC 805. A summary of the purchase price allocations at fair value is below:

For acquisitions made on June 30, 2016:

Cash	\$ 708,737
Accounts receivable	6,422,850
Advances to suppliers	1,803,180
Prepaid expenses and other current assets	807,645
Inventories	7,787,043
Machinery and equipment	140,868
Intangible assets	270,900
Other assets	3,404,741
Goodwill	3,158,179
Accounts payable	(3,962,670)
Customer deposits	(3,486,150)
Accrued expenses and other payables	(4,653,324)
Taxes payable	(16,912)
Purchase price	<u>\$ 12,385,087</u>





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A summary of the purchase consideration paid is below:

Cash	\$ 5,568,500
Convertible notes	6,671,769
Derivative liability	144,818
	<u>\$ 12,385,087</u>

The cash component of the purchase price for these acquisitions made on June 30, 2016 was paid in July and August 2016.

For acquisitions made on January 1, 2017:

Working Capital	\$ 941,192
Machinery and equipment	222,875
Intangible assets	1440
Goodwill	684,400
Customer Relationship	522,028
Non-compete Agreement	392,852
Purchase price	<u>\$ 2,764,787</u>

A summary of the purchase consideration paid is below:

Cash	\$ 1,201,888
Convertible notes	1,559,350
Derivative liability	3,549
	<u>\$ 2,764,787</u>

The cash component of the purchase price for these acquisitions made on January 1, 2017 was paid during March 2017.

On November 30, 2017, the Company, through its wholly-owned subsidiary Jinong, discontinued the strategic acquisition agreements and the series of contractual agreements with the shareholders of Zhenbai. In return, the shareholders of Zhenbai agreed to tender the whole payment consideration in the SAA back to the Company with early termination penalties. The convertible notes paid to Zhenbai's shareholders and the accrued interest has been forfeited.

For the discontinuation of Zhenbai made on November 30, 2017, the Company gave up the control of the following assets in Zhenbai:

Working Capital	\$ 1,179,352
Intangible assets	896,559
Customer Relationship	684,727
Non-compete Agreement	211,833
Goodwill	538,488
Total Asset	<u>\$ 2,614,401</u>

In return, the purchase consideration returned to the Company from Zhenbai's shareholders is summarized below:

Cash	\$ 461,330
Interest Payable	83,039
Convertible notes	1,724,683
Derivative liability	13,353
Total Payback	<u>\$ 2,282,406</u>
Net Loss	<u>(331,995)</u>



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**NOTE 20 – RESTRICTED NET ASSETS**

The Company's operations are primarily conducted through its PRC subsidiaries, which can only pay dividends out of their retained earnings determined in accordance with the accounting standards and regulations in the PRC and after it has met the PRC requirements for appropriation to statutory reserves. In addition, the Company's businesses and assets are primarily denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through the People's Bank of China or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the People's Bank of China. Approval of foreign currency payments by the People's Bank of China or other regulatory institutions requires submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts. These currency exchange control procedures imposed by the PRC government authorities may restrict the ability of the Company's PRC subsidiaries to transfer their net assets to the Parent Company through loans, advances or cash dividends.

The Company's PRC subsidiaries net assets as of June 30, 2020 and 2019 exceeded 25% of the Company's consolidated net assets. Accordingly, condensed Parent Company financial statements have been prepared in accordance with Rule 5-04 and Rule 12-04 of SEC Regulation S-X, and are as follows.

***Parent Company Financial Statements***

PARENT COMPANY FINANCIAL INFORMATION OF CHINA GREEN AGRICULTURE, INC.

Condensed Balance Sheets

	<b>As of June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 65,520	\$ 78,406
Other current assets	169,071	71
<b>Total Current Assets</b>	<b>234,590</b>	<b>78,476</b>
Long-term equity investment	273,573,440	406,084,910
<b>Total long-term assets</b>	<b>273,573,440</b>	<b>406,084,910</b>
<b>Total Assets</b>	<b>\$ 273,808,030</b>	<b>\$ 406,163,387</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 214,520	\$ 214,520
Amount due to related parties	3,192,986	2,592,986
Other payables and accrued expenses	7,594,602	6,800,194
<b>Total Current Liabilities</b>	<b>11,002,108</b>	<b>9,607,701</b>
Stockholders' Equity		
Common stock, \$.001 par value, 115,197,165 shares authorized, 3,986,912 and 3,241,413 shares issued and outstanding as of June 30, 2020 and June 30, 2019, respectively	6,350	3,987
Additional paid in capital	155,455,332	138,012,445
Accumulated other comprehensive income	(34,264,089)	(19,821,211)
Retained earnings	141,608,329	278,360,465
<b>Total Stockholders' Equity</b>	<b>262,805,922</b>	<b>396,555,686</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 273,808,030</b>	<b>\$ 406,163,387</b>



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Condensed Statements of Operations

	<b>Year ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
Revenue	\$ -	\$ -
General and administrative expenses	1,555,269	1,807,010
Interest income	19	9
Provision for tax	-	-
Equity investment in subsidiaries	(135,196,887)	13,397,397
Net income	<u>\$ (136,752,136)</u>	<u>\$ 11,590,395</u>

Condensed Statements of Cash Flows

	<b>Year Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
Net cash provided by (used in) operating activities	\$ (10,864,886)	\$ (8,617,776)
Net cash provided by (used in) investing activities	-	-
Net cash provided by (used in) financing activities	10,852,000	8,679,230
Cash and cash equivalents, beginning balance	78,405	(29,103,559)
Cash and cash equivalents, ending balance	<u>\$ 65,520</u>	<u>\$ (29,042,104)</u>

***Notes to Condensed Parent Company Financial Information***

As of June 30, 2020, and 2019, there were no material contingencies, significant provisions for long-term obligations, or guarantees of the Company, except as separately disclosed in the Consolidated Financial Statements, if any. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted.

**NOTE 21 – OTHER EVENTS**

In December 2019, a novel strain of coronavirus was reported to have surfaced in Wuhan, China, which was continuing to spread throughout China and other parts of the world, including the United States. On January 30, 2020, the World Health Organization declared the outbreak of the COVID-19 a “Public Health Emergency of International Concern,” and on March 11, 2020, the World Health Organization characterized the outbreak as a “pandemic”. The epidemic has resulted in quarantines, travel restrictions, and the temporary closure of office buildings and facilities in China and in the U.S.

Xi’an City, where our headquarters are located, is one of the most affected areas in China. The Company has been following the orders of local government and health authorities to minimize exposure risk for its employees, including the closures of its offices and having employees work remotely from January of 2020 until March of 2020. An occurrence of an uncontrollable event such as the COVID-19 pandemic may negatively affect our operations and financial results.

Substantially all our revenues are generated in China. Consequently, our results of operations were adversely and materially affected by COVID-19. Any potential impact to our results will depend on, to a large extent, future developments and new information that may emerge regarding the duration and severity of COVID-19 and the actions taken by government authorities and other entities to contain COVID-19 or treat its impact, almost all of which are beyond our control. Potential impacts include, but are not limited to, the following:

- temporary closure of offices, travel restrictions or suspension of transportation of our products to our customers and our suppliers have been negatively affected, and could continue to be negatively affected, on their ability to supply our demands;
- our customers that are negatively impacted by the outbreak of COVID-19 may reduce their budgets to purchase our products and services, which may materially adversely impact our revenue;
- we may have to provide significant sales incentives to our customers in response to the outbreak, which may in turn materially adversely affect our financial condition and operating results;
- the business operations of our customers and suppliers have been and could continue to be negatively impacted by the outbreak, result in

loss of customers or disruption of our services, which may in turn materially adversely affect our financial condition and operating results;

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- any disruption of our supply chain, logistics providers or customers could adversely impact our business and results of operations, including causing our suppliers to cease manufacturing products for a period of time or materially delay delivery to customers, which may also lead to loss of customers, as well as reputational, competitive and business harm to us;
- many of our customers, distributors, suppliers and other partners are individuals and small and medium-sized enterprises (SMEs), which may not have strong cash flows or be well capitalized, and may be vulnerable to an epidemic outbreak and slowing macroeconomic conditions. If the SMEs that we work with cannot weather COVID-19 and the resulting economic impact, or cannot resume business as usual after a prolonged outbreak, our revenues and business operations may be materially and adversely impacted;
- the global stock markets have experienced, and may continue to experience, significant decline from the COVID-19 outbreak, which could materially adversely affect our stock price;

Because of the uncertainty surrounding the COVID-19 outbreak, the financial impact related to the outbreak of and response to the COVID-19 cannot be reasonably estimated at this time, but our results for the full fiscal year of 2020 had been adversely affected.

In general, our business could be adversely affected by the effects of epidemics, including, but not limited to, the COVID-19, avian influenza, severe acute respiratory syndrome (SARS), the influenza A virus, the Ebola virus, or other outbreaks. In response to an epidemic or other outbreaks, government and other organizations may adopt regulations and policies that could lead to severe disruption to our daily operations, including temporary closure of our offices and other facilities. These severe conditions may cause us and/or our partners to make internal adjustments, including but not limited to, temporarily closing down business, limiting business hours, and setting restrictions on travel and/or visits with clients and partners for a prolonged period of time. Various impacts arising from severe conditions may cause business disruption, resulting in material, adverse effects to our financial condition and results of operations.

We are taking significant measures to mitigate the financial and operational impacts of COVID-19 as well as additional actions to improve our liquidity through cost reduction and conservation measures.

**NOTE 22 – SUBSEQUENT EVENTS**

In accordance with ASC 855-10, the Company has analyzed its operations subsequent to June 30, 2020 to the date these consolidated financial statements were available to be issued and has determined that there were no significant subsequent events or transactions that would require recognition or disclosure in the consolidated financial statements.