

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended September 30, 2021
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
 SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 000-51576

Origin Agritech Limited

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

British Virgin Islands

(Jurisdiction of incorporation or organization)

No. 21 Sheng Ming Yuan Road, Changping District, Beijing 102206, China
(Address of principal executive offices)

Dr. Han Gengchen

No. 21 Sheng Ming Yuan Road, Changping District, Beijing 102206, China

Tel: (86-10) 5890-7588

Fax: (86-10) 5890-7577

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each Class

Trading Symbol

Name of each exchange on which registered

Ordinary Shares

SEED

NASDAQ

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period (September 30, 2021) covered by the annual report: there were issued and outstanding 5,793,617 ordinary shares as of September 30, 2021, and 5,793,617 ordinary shares as of February 4, 2022.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

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 reports), 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 such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or an emerging growth company.

Large accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, 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 a check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standard as Issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

ORIGIN AGRITECH LIMITED

TABLE OF CONTENTS

INTRODUCTION	3	
PART I		
Item 1.	Identity of Directors, Senior Management and Advisors	6
Item 2.	Offer Statistics and Expected Timetable	6
Item 3.	Key Information	6
Item 4.	Information on the Company	30
Item 4A	Unresolved Staff Comments	43
Item 5.	Operating and Financial Review and Prospects	43
Item 6.	Directors, Senior Management, and Employees	54
Item 7.	Major Shareholders and Related Party Transactions	60
Item 8.	Financial Information	61
Item 9.	The Offer and Listing	62
Item 10.	Additional Information	62
Item 11.	Quantitative and Qualitative Disclosures About Market Risk	71
Item 12.	Description of Securities Other than Equity Securities	72
PART II		
Item 13.	Defaults, Dividend Arrearages, and Delinquencies	72
Item 14.	Material Modifications to the Rights of Security Holders and Use of Proceeds	72
Item 15.	Controls and Procedures	72
Item 16A.	Audit Committee Financial Expert	73
Item 16B.	Code of Ethics	73
Item 16C.	Principal Accountant Fees and Services	74
Item 16D.	Exemption from the Listing Standards for Audit Committees	74
Item 16E.	Purchases of Equity Securities by the Issuer and Affiliated Purchasers	74
Item 16F.	Change in registrant’s certifying accountant	74
Item 16G.	Corporate Governance	75
PART III		
Item 17.	Financial Statements	76
Item 18.	Financial Statements	76
Item 19.	Exhibits	77

INTRODUCTION

Except where the context otherwise requires and for purposes of this Annual Report only:

“we,” “us,” “our company,” “our,” the “Company” and “Origin” refer to Origin Agritech Limited, a company formed in the British Virgin Islands, State Harvest Holdings Limited, a company formed in the British Virgin Islands, and the following, which are collectively described in this Annual Report as “our PRC Operating Companies.”

State Harvest Holdings Limited (“State Harvest”), a company formed in China, which is a 100% equity owned company of Origin.

Beijing Origin State Harvest Biotechnology Limited (“Origin Biotechnology”), a company formed in China, collectively for itself and its six China formed subsidiaries listed below, all of which are, directly or indirectly, wholly or partly equity owned by State Harvest.

- (i) Hubei Aoyu Agricultural Technology Limited, (“Hubei Aoyu”) in Hubei province,
- (ii) Anhui Aoyu Zhongye Technology Ltd. (“Anhui Aoyu”) in Anhui province,
- (iii) Xuzhou Aoyu Agricultural Technology Ltd. (“Xuzhou Aoyu”) in Jiangsu province,
- (iv) Henan Aoyu Zhongye Limited (“Henan Aoyu”) in Henan province, and
- (v) Shandong Aoruixinong Agricultural Technology Limited (Shandong Aoruixinong), and

Beijing Origin Seed Limited (“Beijing Origin”), a company formed in China, and its subsidiary Xinjiang Originbo Seed Limited (“Xinjiang Origin”), a company formed in China, which together are held by Beijing Origin under a VIE arrangement.

- “last year,” “fiscal year 2021,” “the year ended September 30, 2021” and “the fiscal year ended September 30, 2021” refer to the twelve months ended September 30, 2021, which is the period covered by this Annual Report;
- all references to “Renminbi,” “RMB” or “yuan” are to the legal currency of China; all references to “U.S. dollars,” “dollars,” “\$” or “US\$” are to the legal currency of the United States. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding. The translation of Renminbi amounts into United States dollar amounts has been made for the convenience of the reader. Such translation amounts should not be construed as representations that the Renminbi amounts could be readily converted into United States dollar amounts at that rate or any other rate;
- “China” or “PRC” refers to the People’s Republic of China, excluding Taiwan, Hong Kong, and Macau;
- “Hong Kong” refers to the Hong Kong Special Administrative Region of the People’s Republic of China; and
- “shares” and “ordinary shares” refer to our ordinary shares, “preferred shares” refers to our preferred shares.

Corporate Structure

The public company, Origin, in which investors hold shares is a holding company, incorporated in the British Virgin Islands. All of our business activities currently take place in China. Part of our operations are conducted in China through a variable interest enterprise, or VIE. The portion of our business that is a VIE is Beijing Origin, and its subsidiary Xinjiang Origin. This portion of the business is our seed development operations. State Harvest owns 49% of the Beijing Origin equity and the VIE applies to the 51% ownership that State Harvest does not own as an equity position. The balance of our operations are conducted through equity owned operations, in or under Beijing Biotechnology, which in turn is 100% equity owned by State Harvest.

Due to PRC legal restrictions on foreign ownership in certain food development and production related businesses, such as our general seed operations, we do not have any equity ownership of the parts of our business that are conducted through our VIEs. Instead, we rely on contractual arrangements among our PRC subsidiaries, our VIE and their nominee shareholders to control the portion of our business operations conducted through our VIE. The use of the VIE structure is designed to replicate the same economic benefits to us as would be provided with direct equity ownership of our subsidiaries. Investors in our ordinary shares are purchasing an equity interest in a British Virgin Islands holding company, which in turn has equity interests in some of its subsidiaries in China and only a contractual arrangement with owners of the VIEs, which attempt to replicate the effects of equity ownership.

We and our VIE face various legal and operational risks and uncertainties related to doing business in China. A significant part of our business operations in China are conducted through our VIE, and we and our VIE are subject to complex and evolving PRC laws and regulations as a result. For example, we and our VIE face risks associated with regulatory approvals of offshore offerings, the use of variable interest entities, anti-monopoly regulatory actions, cybersecurity and data privacy, as well as the lack of some aspects of PCAOB inspection on our auditors, which may impact our ability to conduct certain businesses, accept foreign investments, or list on a United States or other foreign exchange. These risks could result in a material adverse change in our operations and the value of our ordinary shares of the parent holding company, significantly limit or completely hinder our ability to offer or continue to offer securities to investors, or cause such securities to significantly decline in value or become worthless. Additionally, these concerns may limit the ability to maintain the listing of our ordinary shares on a securities exchange in the United States and in other capital markets.

The corporate structure is subject to risks associated with our contractual arrangements with our VIE. The company that investors own may never have a direct ownership interest in the business that are conducted by our VIE. If the PRC government finds that the agreements that establish the structure for operating our business in China do not comply with PRC laws and regulations, or if these regulations or the interpretation of existing regulations change or are interpreted differently in the future, we and our VIE could be subject to severe penalties or be forced to relinquish our interests in those operations. This would result in the VIE being deconsolidated. The assets, including certain licenses to conduct business in China, are held by the VIE. A part of our revenues are generated by the VIE. An event that results in the deconsolidation of the VIE would have a material effect on our operations and result in the value of the ordinary shares being diminished or even become worthless. Our holding company, our PRC subsidiaries and the VIE, and investors of our ordinary shares face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with our VIE and, consequently, significantly affect the financial performance of our VIE and our company as a whole.

FORWARD-LOOKING INFORMATION

This Annual Report on Form 20-F contains forward-looking statements that are based on our current expectations, assumptions, estimates, and projections about our company and industry. All statements other than statements of historical fact in this Annual Report are forward-looking statements. These forward-looking statements can be identified by words or phrases such as “may,” “will,” “expect,” “anticipate,” “estimate,” “plan,” “believe,” “is/are likely to” or other similar expressions. The forward-looking statements included in this Annual Report relate to, among others:

- our expectations for our future business and product development, business prospects, results of business operations and current financial condition;
- future development of agricultural biotechnology as a whole, including our genetically modified seed research and development;
- our ability to develop and commercialize any alternative businesses;
- address the scope and impact of the governing and regulatory policies and laws on our business, including that of the research and development of genetically modified seed products and any other ancillary businesses in which we engage, and importantly the regulation of VIE business structures in the United States and China;
- our plans to license or co-develop seed products or technologies;
- likelihood of recurrence of accounting charges or impairments;

[Table of Contents](#)

- expected changes in our sources of revenues and income base and our ability to generate income from our diversified business lines, and how funds might be up-streamed to our holding company, and any limitations thereon imposed by China regulation;
- competition in our business lines, including the crop seed industry, development of GM seeds, and on-line product selling and distribution;
- our plans for current staffing requirements and research and development and business expansion;
- our ability to successfully raise capital to accommodate company needs which are under acceptable terms and at an acceptable share price; and
- adequacy of our facilities for our operations.

We believe it is important to communicate our expectations to our shareholders. However, there may be certain events in the future that we are not able to predict with accuracy or over which we have no control. The risk factors and cautionary language discussed in this Annual Report provide examples of risks, uncertainties and events that may cause actual results to differ materially from the expectations in these forward-looking statements, including among other things:

- changing interpretations of Generally Accepted Accounting Principles (“GAAP”);
- outcomes of PRC and international government reviews, inquiries, investigations and related litigations, including PCAOB compliance issues;
- continued compliance with government regulations of PRC and other governments, including that about our business operations and corporate structure;
- legislative and regulatory environments, requirements or changes adversely affecting the businesses in which we and our PRC operating companies are engaged; and
- management of the growth of our business and introduction of genetically modified products.

The forward-looking statements in this Annual Report involve various risks, assumptions, and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, we cannot be certain that our expectations will materialize. Our actual results could be materially different from our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in the risk factors included in this Annual Report.

The forward-looking statements made in this Annual Report relate only to events or information as of the date of the statements. Readers should read these statements in conjunction with the risk factors disclosed in this Annual Report.

All forward-looking statements included herein attributable to us or other parties or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable laws and regulations, we undertake no obligations to update these forward-looking statements to reflect events or circumstances after the date of this Annual Report or to reflect the occurrence of unanticipated events.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not Applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable.

ITEM 3. KEY INFORMATION

A. Selected financial data.

The following selected consolidated financial information was derived from our fiscal year end consolidated financial statements. The following information should be read in conjunction with those statements and Item 5, “Operating and Financial Review and Prospects.”

Our summary consolidated statements of operations and comprehensive income data for the fiscal years ended September 30, 2019, 2020 and 2021, and our summary consolidated balance sheet data as of September 30, 2020 and 2021, as set forth below, are derived from, and are qualified in their entirety by reference to, our audited consolidated financial statements, including the notes thereto, which are included in this Annual Report.

[Table of Contents](#)

Our consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States, or U.S. GAAP.

	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 USD'000
Consolidated statement of income and comprehensive income data				
Revenues	92,440	52,513	46,425	7,158
Cost of revenues	(105,270)	(49,000)	(33,611)	(5,183)
Gross profit	(12,830)	3,513	12,814	1,975
Selling and marketing	(4,038)	(4,820)	(5,564)	(858)
General and administrative	(27,229)	(58,069)	(73,315)	(11,305)
Research and development	(13,267)	(4,116)	(1,979)	(305)
Impairment of assets	(4,130)	(28,091)	(69,870)	(10,773)
Other income, net	—	—	—	—
Total operating expenses, net	(48,664)	(95,096)	(150,728)	(23,241)
Loss from continuing operations	(61,494)	(91,583)	(137,914)	(21,266)
Interest expense	(4,677)	(5,796)	(8,558)	(1,320)
Impairment of long-term investment	—	(5,994)	(5,958)	(919)
Rental income	4,611	7,643	10,603	1,635
Loss on termination of business disposal	—	—	—	—
Other non-operating income (expense), net	(3,583)	(6,687)	14,924	2,301
Loss before income taxes from continuing operations	(65,143)	(102,417)	(126,903)	(19,569)
Income tax expense from continuing operations, current	(510)	(425)	(178)	(27)
Net loss	(65,653)	(102,842)	(127,081)	(19,596)
Net income (loss) attributable to non-controlling interests	(3,533)	(17,581)	(35,552)	(5,482)
Net loss attributable to Origin Agritech Limited	(62,120)	(85,261)	(91,529)	(14,114)
Net loss per share (1):				
Basic	(14.85)	(16.95)	(16.29)	(2.51)
Diluted	(14.85)	(16.95)	(16.29)	(2.51)
Shares used in computation (a):				
Basic	4,184,032	5,029,017	5,617,424	5,617,424
Diluted	4,184,032	5,029,017	5,617,424	5,617,424
	Sept 30 2019 RMB'000	Sept 30 2020 RMB'000	Sept 30 2021 RMB'000	Sept 30 2021 USD'000(1)
Consolidated balance sheet data:				
Cash and cash equivalents	3,198	22,482	15,351	2,367
Restricted cash	—	147	14	2
Current working capital (2)	(178,580)	(112,542)	(228,224)	(35,194)
Total assets	261,112	254,883	119,038	18,355
Total current liabilities	247,802	176,940	286,367	44,158
Total liabilities	276,587	340,345	304,636	46,974
Non-controlling interests	7,209	(8,272)	(44,926)	(6,927)
Total Origin Agritech Limited shareholders' equity	(15,475)	(85,462)	(185,598)	(28,619)

(1) Translation of Renminbi amounts into United States dollar amounts has been made for the convenience of the reader for the year ended September 30, 2021, and has been made at the exchange rate quoted by the State Administration of Foreign Exchange in China on September 30, 2021, of RMB 6.4854 to US\$1.00. Such translation amounts should not be construed as a representation that the Renminbi amounts could be readily converted into United States dollar amounts at that rate or any other rate.

(2) Current working capital is the difference between total current assets and total current liabilities.

Exchange Rate Information

The conversion of Renminbi into U.S. dollars in this Annual Report is based on the statistics of the State Administration of Foreign Exchange. The consolidated financial statements are presented in Renminbi, which is our reporting currency. The translation of Renminbi amounts into United States dollar amounts has been made for the convenience of the reader and has been made at the exchange rate quoted by the State Administration of Foreign Exchange in China on September 30, 2021, of RMB 6.4854 to US\$1.00. Unless otherwise noted, for the years ended September 30, 2020 and 2021, all translations from Renminbi to U.S. dollars in this Annual Report were made at RMB 6.8101 and RMB 6.4854 per US \$1.00, respectively, which were the prevailing year or period end closing rates for those periods. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, the rates stated below, or at all. The PRC government imposes controls over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange and through restrictions on foreign trade.

The following table sets forth information concerning exchange rates between the Renminbi and the U.S. dollar for the periods indicated. These rates are not necessarily the exchange rates that we used in this Annual Report or will use in the preparation of our periodic reports or any other information to be provided to you. The source of the rates is the State Administration of Foreign Exchange in China. At September 30, 2021, the closing exchange rate was RMB_6.4854_ for one U.S. dollar.

	<u>Average (1)</u>	<u>High</u>	<u>Low</u>	<u>Period-end</u>
2016	6.5377	6.6971	6.3154	6.6778
2017	6.7423	6.8993	6.5342	6.5342
2018	6.6185	6.967	6.2764	6.8632
2019	6.8694	7.0884	6.685	7.0729
2020	6.9969	7.1316	6.7591	6.8101
2021	6.5059	6.7796	6.3572	6.4854
July 2021	6.4741	6.4942	6.4602	6.4602
August 2021	6.4772	6.4984	6.4610	6.4679
September 2021	6.5059	6.4854	6.4330	6.4854
October 2021	6.4192	6.4612	6.3856	6.3907
November 2021	6.3953	6.4192	6.3794	6.3794
December 2021	6.3700	6.3933	6.3498	6.3757

(1) Annual averages are calculated from month-end rates. Monthly averages are calculated using the average of the daily rates during the month.

B. Capitalization and indebtedness.

Not Applicable

C. Reasons for the offer and use of proceeds.

Not Applicable.

D. Risk factors.

Summary of Risk Factors

- Below is a summary of what the Company believes to be the primary risk factors that an investor should consider when judging an investment in the Company. Those risk factors identified below should not be to the exclusion of all the other risk factors discussed in this report.
- We operate a portion of our business, the seed development business, through a VIE structure, which means investors ultimately may be found not to own a part of our business. There are many risks associated with a VIE structure, which are explained at length below.

[Table of Contents](#)

- Aspects of our business are conducted under technical service agreements and other contractual arrangements, which may not provide the business results and assurances we expect from our contract partners.
- Our auditor have issued their opinion with a going concern qualification. We expect to need working capital from time to time in the future; we have not assured means of raising capital. Although we have an ATM in place, we have not raised any substantial funds under the agreement.
- We need to continue to develop new seed traits to maintain our biotech pipeline of products. If we do not develop new products and keep up with industry trends, our business will experience setbacks.
- Although we believe there is a significant, encouraging change in the regulatory approach to GMO products in the PRC, these changes are recent and there still is uncertainty about full government acceptance and consumer acceptance of GMO products.
- Development of aspects of our business is through joint ventures, such as some seed traits, distribution, and the potential e-commerce business. Therefore we rely on others to help us develop our business; we may not be able to maintain these relationships or control our business partners cooperation.
- We face competition from many sources, including traditional seed products and international competition in the GM seed market.
- To maintain our product integrity, we must protect our intellectual property rights and the quality of our products in the market place.
- We operating in a regulated industry, therefore if we do not comply with the different applicable laws and regulations, our business may be impaired and we may suffer economic disruption and penalties.
- Our operations are in the PRC. As a foreign private issuer, you may not be able to enforce rights common to investors in companies based in or founded in the United States. Also, under SEC and Nasdaq rules, we do not have to provide in our reports and corporate governance certain information and investor protections.
- The trading of our ordinary shares on Nasdaq is volatile and inconsistent. You may not be able to effect transactions in your shares at a posted price or in the quantity you desire.

Risks relating to our business

We have six regional joint venture companies for our seed distribution business; These companies may not be able to perform as we expected.

We have six regional joint venture companies for our seed distribution business. The Company has stock positions of 51% or 50% in these joint ventures. Most of the joint venture partners were the Company's regional distributors. In the future, if we fully develop our e-commerce distribution we plan on using these joint venture partners. As this is a new business model for the Company and our joint venture partners are engaging with the Company differently than before, no assurance can be given that the joint ventures will perform as well as we expect, which could impact the overall performance of the Company.

Asset sale of Zhengzhou branch of the Company may impact long term business performance.

The Company, in 2021, completed the sale of its seed distribution facilities in its Zhengzhou branch. Although management believes the sale of these facilities should not impact the long term operations and performance of the Company's current seed business, it is possible that this sale and resulting changes in the Company operations may have an impact on the ongoing business. If there is an adverse impact, we would expect it to also have an impact on our financial position.

If we do not manage our ongoing operations successfully, our growth and chances for profitability will be hindered or impeded.

Our Company engages primarily in corn and secondarily in soybean seed research and development, deploying our biotechnology assets. We plan to continue our seed research and development activities, with a view to licensing our seed traits and seed germplasm characteristics and performing contract research and development services. We also plan to further develop an agribusiness e-commerce platform oriented towards the rural China market. All these many and varied activities will require substantial initial investment and are expected to require additional demands on our corporate administrative, operational and human resources and on our cash assets. Our current resources are not likely to be fully adequate to support our longer term planned operations and expansion.

Our independent auditors have issued their reports with a going concern statement.

The reports on our financial statements for the fiscal years ended September 30, 2019, 2020 and 2021, included in this Annual Report on Form 20-F, contain a going concern statement. During fiscal year 2021, we raised capital through the sale of our ordinary shares under an at-the-market arrangement. Notwithstanding this additional capital, based on our financial resources and our planned operations, we will need to obtain a substantial amount of capital to continue our business as planned, for which we do not have any long term arrangements, and/or generate increased revenue from operations to cover our expenses, of which we cannot be certain. If we are unable to fund our operations, we may have to curtail substantial parts of our business operations or cease our business operations. Investors should evaluate their investment in the Company based on these financial uncertainties.

Our seed biotechnology joint venture formed with BC-TID may not perform as well as we expected.

In 2019, the Company entered into a Cooperation Framework Agreement with Beijing Changping Technology Innodevelop Group (BC-TID), an entity owned by the government of Changping District of Beijing City. As of September 30, 2021, BC-TID has invested a total of RMB137.7 million (\$20.2 million) as part of the agreement. The deal documents have been completed by both Origin and BC-TID and have been submitted to government officials for final approval, which approval is delayed due to the Covid19 pandemic. While we believe the seed biotechnology joint venture formed with BC-TID could give the Company a new starting ground for potential growth when the Chinese authorities open up the genetically modified corn commercialization, the new joint venture to be formed may not perform as well as we expected and, as a result, could impact the Company's financial performance. We may not profit from the joint venture as hoped for.

The successful development and commercialization of our biotech pipeline of products will be important for our growth.

We continue to focus our seed business on biotechnology development in the seed industry. We conduct our own research and development efforts for genetically modified seeds, referred to as GM. We also collaborate with the Chinese Academy of Agricultural Sciences, the National Maize Improvement Center, China Agricultural University, and Zhejiang University in the PRC under various agreements for seed genetic modifications and other seed biotechnologies that give us the right to market the seeds and technologies they develop. We also seek other development and marketing arrangements with other entities in China and elsewhere. The length of time and the risk associated with seed breeding and biotech pipelines are similar and interlinked because both are required as a package for commercial success in markets where biotech traits are approved for growers. Regulatory requirements affect the development of our biotech products, including the GM crop testing of seeds containing the biotech traits. If we do not meet the regulatory requirements, our business and results of operations will be adversely affected. The testing procedures can be lengthy and costly, with no guarantee of success. It could have an adverse effect on our operations if our genetically modified products are unable to pass the safety evaluation for genetically modified agricultural organisms.

The potential uncertainty in the government regulation in China of genetic technology and genetically modified, or GM, agricultural products and the acceptance of these products by the public could have an adverse effect on our business.

Genetically modified seed products are controversial; thus genetic modification has not yet been accepted in many countries throughout the world. The Chinese government has only recently begun to issue GM crop safety certificates for eventual commercial cultivation of GM seeds. The Chinese government is encouraging food independence as a country, and we believe that it will increasingly favor GM food products as these products provide better yield and can accommodate changing climatic changes. Consumer reaction to GM products is also becoming a factor in the overall approval process and the ability of companies, such as ours, to sell or license our GM products. Food related GM products have had limited approvals in China, and Chinese consumers continue to be reluctant to embrace GM food products and food using GM products in production. The relative novelty and the potential uncertainty in the government regulation of genetic technology and ultimate consumer acceptance will have an effect on our business development strategy and research activities and may cause us to re-evaluate our development programs for developing new seeds.

The government may not approve or may limit commercialization of genetically modified corn products, which could have an adverse impact on the future of the company.

Even though we believe biotechnology is important in agricultural applications and the Chinese government has supported and approved some uses of genetically modified seeds, we cannot predict whether or when the government will approve the full commercialization of GM seeds, including genetically modified corn such as we develop. We have received research grants in the past that are related to our GM research, which we believe demonstrates support for at least some GM seed use in the future. Notwithstanding expressions of government support, it is still possible that the government may not approve the full commercialization of GM seeds, including GM corn, and it may even ultimately conclude to limit or ban commercialization and/or research relating to genetically modified corn and other seed products. Local governments in China may also seek to evaluate GM seed products and issue their own interpretations and regulations. Any of these actions could have an adverse impact on our future development, and we would not be able to recover our research and development costs spent in developing biotechnology products.

Any sales or operations outside China will be subject to foreign regulatory and legislative requirements, and it will be costly to comply with those regulatory requirements. If we are unable to meet these requirements, we will not be able to distribute our products.

Foreign regulatory and legislative requirements will impact the development and distribution of our seed products in the global market. Certain markets require rigorous testing and pre-approval prior to a market release of the GM seeds. For example, prior to the entry into the United States market, importers of non-United States seeds will need to obtain regulatory approval from various federal and state governmental agencies. The United States Department of Agriculture has to determine if there are any “plant pest” issues with the specific crop and traits. Further, some products may have to be submitted to the US Environmental Protection Agency (the “EPA”) to determine if there are any pesticide-related traits that are subject to regulation. There may also have to be submitted a Microbial Commercial Activity Notice (MCAN) to the EPA, which includes detailed information describing the seed’s characteristics and genetic construction, health and environmental effects, and other data, before GM seeds can be used in the United States for commercial purposes. Finally, even if a seed product has the required certificates and permits, there will be continuous Food and Drug Administration (“FDA”) regulation compliance about food safety, which place responsibility on the seed producer to assure the safety of the GM seed in the food chain and proof that GM crop seeds are “substantially equivalent” to non-modified versions of the seed. In the United States, there is also substantive state regulations applying to seeds: for example, some states have required specific labeling, banned planting and cultivation, and imposed additional certification requirements for use of GM seeds. These types of central and local government regulation and restrictions exist in many other countries around the world.

Obtaining and maintaining permits and certificates for production and sales, and obtaining and maintaining testing, planting and import approvals for our GM seeds, can be time-consuming and costly, with no guarantee of success. In addition, regulatory and legislative requirements may change over time which may affect sales and profitability in those markets. The failure to receive necessary permits or approvals could have long-term effects on our ability to enter into foreign markets.

It may take us a long time to generate revenue from our proposed agribusiness e-commerce platform.

Although we believe we can utilize our experience in seed distribution, our rural China customer base, and our strong brand name in the e-commerce marketplace, there is no guarantee that we can successfully develop and launch the e-commerce platform. And even as it is launched, there is no assurance that the e-commerce platform will be widely used and will become profitable. Furthermore, our prior experience in seed distribution was largely via traditional sale methods and our previous customer base may not be willing to try our e-commerce platform. To ultimately attract and retain customers, we may need to price aggressively to gain market share or remain competitive in new categories. We anticipate requiring substantial capital input to be able to launch and run the intended e-commerce platform. It may be difficult for us to achieve profitability in the new product categories and our profit margin, if any, may be lower than we anticipated, which would adversely affect our overall profitability and results of operations.

We believe that sales of our products through an e-commerce platform will depend on our joint partnership with third parties.

We anticipate that for our e-commerce platform to be successful, it will have to provide a wide range of product offerings, such as agricultural seed products (e.g., corn seeds, soybean seeds, rice seeds and vegetable seeds), other agricultural inputs (e.g., fertilizers and agricultural chemicals), foods, household products, and other consumer products. Other than some of the seed products, we do not plan to produce the products we intend to sell on an e-commerce platform. Rather, we will rely on products provided by unrelated suppliers. Because we are a new player in e-commerce and have not built up a customer base yet, we may not have much purchasing power and may not be able to negotiate especially favorable terms with suppliers. We may not be able to obtain the range of products we believe necessary to make any e-commerce platform attractive to users. Therefore, our margins may be less than expected and our supply of products less certain.

Furthermore, we are not familiar with the non-seed products we are intending to sell on the platform, and it may also make it more difficult for us to inspect and control quality of those products being sold on the platform. We may receive more customer complaints about the products we are not familiar with and face costly product returns or product liability claims as a result of selling them, which would harm our brand and reputation as well as our financial performance.

We are dependent on our relationships with our strategic partners for joint venture development.

The success of our overall development plans for our intended e-commerce platform depends on our relationships with our joint venture partners. We believe partnering with local distributors using a joint-venture structure will provide incentives for local distributors to prioritize our customers' needs and orders and will ensure our customers' orders will be fulfilled efficiently and effectively. We, however, cannot assure you that we will satisfy the conditions required to maintain these relationships, and we also cannot assure you that whether the local distributor partners will be able to meet the needs of our customers or grow effectively meet the development objectives of the joint ventures.

Joint ventures, partnerships, and companies with which we will engage for various aspects of our business present a number of challenges that could have a material adverse effect on our business and results of operations and cash flows.

We developed six joint ventures in China for our seed development business and, as part of our business strategy, we may enter into other joint ventures or similar transactions. These transactions typically involve a number of risks and present financial, managerial and operational challenges, including the existence of unknown potential disputes, liabilities or contingencies that arise after entering into the joint venture related to the counterparties to such joint ventures. We could experience financial or other setbacks if transactions encounter unanticipated problems due to challenges, including problems related to execution or integration. Any of these risks could reduce our revenues or increase our expenses, which could adversely affect our results of operations and cash flows.

We are relying heavily on our partners and the local distributors to establish and operate the e-commerce platform.

We have little experience in e-commerce platform development, blockchain technology and agricultural businesses other than the development and distribution of seeds. To successfully establish an e-commerce platform, in addition to capital input, we will need our partners' help in a number of other areas, such as user traffic acquisition, advertising, technology, social graphs and IT infrastructure. While we can benefit from our partners' experience in building platforms, connecting e-commerce with social networks and blockchain technologies and new agricultural distribution businesses, our success is reliant on our partners willingness to develop and maintain aspects of the platform for us. In the event that we cannot maintain our cooperative relationships with our joint venture partners on terms favorable to us or at all, we will need to source other business partners to provide services such as distribution channels, promotion services, as well as IT and payment services, and we may lose access to key strategic assets, which could result in material and adverse effects on our business and results of operations.

Network errors could adversely affect our user experience and market acceptance of our products, which may materially and adversely affect our business and results of operations.

It is common that an e-commerce platform or content on such a platform may contain network or programming errors that adversely affect the user experience and market acceptance of the offered products. Errors in products, delivery, content, connection will negatively impact brand image and customer willingness to use an e-commerce platform. We may not be able to detect and resolve all errors effectively. Programming errors or defects may adversely affect user experience, cause users to refrain from subscribing, buying products, or causing delivery errors or delays and prevent customers from using an e-commerce platform.

If we fail to keep up with industry trends or technological developments, our business, results of operations and financial condition may be materially and adversely affected.

The seed business and distribution channels are evolving and subject to continuous technological and market preference changes. Our success in this business area will depend on our ability to keep up with the changes in technology and user behavior, developing new products and creating innovations. Research, development and technological changes and innovations will require substantial capital expenditures in product development as well as in modification of products, services or infrastructure. We cannot assure that we can obtain financing to cover such expenditure. If we fail to adapt our products and services to such changes in an effective and timely manner, we may suffer from decreased user traffic and user base, which, in turn, could materially and adversely affect our business, financial condition and results of operations.

We operate in a relatively new and evolving market.

Many elements of our business are unique, evolving and relatively unproven. Some aspects of our business and prospects depend on the continuing development and growth of e-commerce in China as well as the expansion of the 4G communication network in rural China, and the continuing modernization of rural logistics system, which are affected by numerous factors and not within our control. Furthermore, product quality, user experience, technological innovations, development of internet and internet-based services, and the regulatory environment and macroeconomic environment are also important factors that affect our business and prospects. The markets for our products, in particular our genetically modified seeds, are relatively new and rapidly developing and are subject to significant challenges. In addition, our continued growth depends, in part, on our ability to respond to constant changes in the e-commerce industry, particularly in the use e-commerce platforms in rural China, rapid technological evolution, continued shifts in customer demands, frequent introductions of new products and services and constant emergence of new industry standards and practices. Developing and integrating products, services or infrastructure could be expensive and time-consuming, and these efforts may not yield the benefits we expect to achieve. If we cannot successfully introduce our e-commerce platform to rural China or maintain and grow our customer base once the platform is launched, our business, financial condition and results of operation may be materially and adversely affected.

The degree of public acceptance or perceived public acceptance of our biotechnology products can affect our operations.

Although all genetically modified products must go through rigorous testing, some opponents of the technology consistently attempt to raise public concern about the potential for adverse effects of genetically modified seed products on human or animal health, other plants and the environment. The potential for the adventitious presence of commercial biotechnology traits in conventional seed, or in the grain or products produced from conventional or organic crops, is another factor that could affect the public's acceptance of these traits. Public concern can affect the timing of, and whether we are able to obtain, government approvals. Even after approvals are granted, public concern may lead to increased regulation or legislation, which could affect our business and operations, and may adversely affect sales of our products to farmers, due to their concerns about available markets for the sale of crops or other products derived from biotechnology.

The areas of our current business and the businesses we plan to develop are very competitive both in China and throughout the rest of the world.

All levels of the seed development, marketing and distribution business is very competitive throughout the world. We face China based competition from many seed producers who deploy both traditional seed development methods and more advanced technologically oriented seed producers. Increasingly, foreign seed producers are entering the China market with their seed products, which also include GM seeds. Pricing of seed products, which favor the less expensive traditional seeds, is also an issue for those producers of technologically advanced seeds and GM seeds, such as us.

In the other sectors of our business plan, we face competition from companies engaged in the similar businesses of e-commerce and businesses offering blockchain solutions for market segments. As we are at the earlier stages of developing these businesses in respect of our products and offerings, we cannot fully assess the level of competition that we will face in our markets. Nonetheless, we believe we will be facing competition on the basis of pricing, efficiency of providing service and responding to market demands. To the extent we are uncompetitive, our business will be adversely affected and our financial results negatively impacted.

The global competition in biotechnology will affect our business.

We believe we are a leader in biotechnology in China since we have been conducting our proprietary biotechnology research program for many years and have an internal biotech research center. However, as multinational corporations engaged in the crop seed business expand into the agricultural market in China, we anticipate that they will have a greater portfolio of seed products and more advanced technologies than us. Major multinational competitors have a long history in the research and commercialization of their products, sophisticated marketing capabilities, and strong intellectual property estates, all of which may give them competitive advantage over us. Any of these competitive advantages could cause our existing or future products to become less competitive or outdated, and adversely affect our product acceptance in the market place and our results of operations.

We face significant international competition in the GM seed market and the competition may affect our overall sales.

The GM seed market outside China is highly competitive, dominated by a limited number of major, multi-national companies. Compared to us, these companies have greater experience of the GM market and substantially greater resources in the research and development of plant biotechnology. These companies also have substantial production facilities for crop seeds. In addition, they have established market presence, have obtained patent protection in some instances for different seeds, and have built up their brand reputation and distribution networks globally. For example, in the United States Monsanto Company and E.I. DuPont de Nemours and Company (Pioneer), dominate the GM corn seed market with approximately 70% of that market. These companies' extensive GM portfolio of seeds and their success in developing new traits in the seeds could render our existing products less competitive, including within the China markets, resulting in reduced sales and licensing opportunities compared to our expectations.

We may not be able to maintain our market advantage by improving our GM seeds to fit the needs of the market.

GM seeds varieties need to be improved and altered over a relatively short time frame because the weeds and insects develop resistance to herbicides and pesticides, which often renders the benefits of a particular GM traits less effective. GM seeds need to be altered to tolerate higher doses and/or new varieties of herbicides and pesticides and other farming practices. Changing climatic conditions, such as changes in average rainfall and temperatures will require other modifications to GM seed so that they can be drought resistant. If our GM seed portfolio does not keep pace with these changes or goes in a direction that is not effective in the market, our position in the market would be adversely impacted. Alternatively, we believe that this characteristic of GM seeds gives us an opportunity to introduce our products into various seed markets needing new varieties. We will be required to continue to invest in new research to develop our portfolio of GM seeds so that our GM seeds can adapt to new herbicides and pesticides and differing soil, weather (drought) and growing conditions.

We have a comparatively short operating history in the field of biotechnology research when compared with international seed companies, and our business is subject to the risks of any evolving and developing enterprise, any one of which could limit our growth and our product and market development.

It continues to be difficult to predict how our continuing seed business will develop over the long term. Accordingly, we are still facing all of the risks and uncertainties encountered by companies in the earlier stages of development, such as:

- uncertain and continued market acceptance for our product extensions and our services;
- evolving nature of the crop seed industry in the PRC, which is marked by seed company consolidation, changing aspects of government subsidies to farmers and becoming more limited, over production of crop seeds, and less adherence to the qualities of branded seeds, among other things;
- highly competitive conditions from both other branded seeds and unbranded seeds and changing customer preferences or needs that will harm sales of our products;
- the competitive landscape of e-commerce in the PRC and the evolving use of e-commerce by the Chinese population and their needs and preferences;
- maintaining our competitive position in the PRC and competing with Chinese and international companies, many of which have longer operating histories and greater resources than us;
- the aging technology of our seed products that do not reflect current agricultural and farmer needs and the continual need to develop new seed products;
- the cost of our products compared to other sources of seeds for the same crop types;
- maintaining our current licensing arrangements and entering into new ones to expand our product offerings in both our domestic market and sought after international markets;
- using a joint venture model for our continuing business where we maintain only a simple majority stake;
- continuing to offer commercially successful products to attract and retain a larger base of direct customers and ultimate users;
- continuing our existing arrangements with farms that grow our crop seed products and entering into new arrangements with additional production farms;
- maintaining effective control of our costs and expenses; and
- retaining our management and skilled technical staff and recruiting additional key employees.

If we are not able to meet the challenges of our businesses and managing our business plan, the likely result will be slowed growth, lower margins, additional operational costs and lower income, any of which will affect shareholder value.

Any diversion of management attention to matters related to corporate reorganization or any delays or difficulties encountered in connection with changing operations may have an adverse effect on our core business, results of operations, and/or financial condition.

Corporate reorganization and transformation activities present challenges, including geographical coordination, personnel integration and retention of key management personnel, system integration and the unification of corporate culture. These efforts generally divert management attention from our core business, cause a temporary interruption of or loss of momentum in our business and the loss of key personnel from the acquired companies. In addition, any proposed acquisitions and corporate reorganization activities will cause us to incur substantial costs, none of which are generally recoverable.

From time to time we must evaluate whether or not to discontinue a line of business or an expansion effort, which if discontinued could have an adverse impact on our financial position.

From time to time we evaluate whether or not to continue a particular line of business or an expansion effort. In the past we implemented restructuring programs to eliminate our activities in agricultural chemicals and cotton seed development, sales centers, seed distribution and other unprofitable activities. Whenever a company undertakes to discontinue a line of business, there are expenses associated with the sale or closing of those related operations, which are reflected in the accounting for discontinued operations. The actual and accounting costs for discontinued operations may have an adverse effect on the financial position of the company in the period of discontinuance, which may result in an adverse market reaction and decline in our stock price.

We or our licensors may be subject to intellectual property infringement claims, which may force us to incur substantial legal expenses and, if determined adversely against us or our licensors, may materially disrupt our business.

We cannot be certain that our licensed or self-developed proprietary seed products and any other intellectual property that we develop or use do not or will not infringe the intellectual property rights held by third parties. We, or any of our licensors, may be subject to legal proceedings and claims from time to time related to the intellectual property of others. If we, or any of our licensors, are found to have violated the intellectual property rights of others, we may be required to pay damages and be enjoined from using such intellectual property, and we may incur new or additional licensing fees if we wish to continue using the infringing products, or be forced to develop or license alternative products. In addition, we may incur substantial expenses in defending against these third party infringement claims, regardless of their merit.

Efforts to protect our intellectual property rights and to defend against claims can increase our costs and may not always succeed. Any failures could adversely affect our sales and results of operations or restrict our ability to conduct our business.

Intellectual property rights are important to our business, as our seeds depend on long and complicated development processes. In our experience, the seed markets in China have substantial counterfeiting, and we believe many other kinds of agricultural products also are subject to counterfeiting. Overall, we plan to obtain and protect our intellectual property rights and those to which we have intellectual property rights of use and distribution. However, we may be unable to obtain protection for our intellectual property. Even if protection is obtained, competitors, growers or others in the chain of commerce may raise legal challenges to our rights or illegally infringe our rights, including through means that may be difficult to prevent, detect or defend. In addition, because of the rapid pace of technological change and the confidentiality of patent applications in some jurisdictions, competitors may be issued patents from applications that were unknown to us prior to issuance. These patents could reduce the value of our commercial or pipeline products and services or, to the extent they cover key technologies on which we have unknowingly relied, require that we obtain licenses at a financial cost to us or cease using the technology, no matter how valuable the patents may be to our business. We cannot assure you that we would be able to obtain such licenses on acceptable terms. Litigation may be necessary to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of the proprietary rights of others. There is a risk that the outcome of such potential litigation may not be in our favor. Such litigation may be costly and may divert management attention as well as consume other resources which could otherwise be devoted to our business. An adverse determination in any such litigation will impair our intellectual property rights and harm our business, prospects and reputation. In addition, we have no insurance coverage against litigation costs due to lack of this kind of insurance being available in China, and we would have to bear all the costs arising from such litigation to the extent we are unable to recover such costs from other parties. The occurrence of any of the foregoing may harm our business, results of operations and financial condition.

Although the seed law of 2021 made significant improvements in plant variety protection and germplasm IP protection, intellectual property protection is still a developing legal sector in China. Implementation of PRC intellectual property-related laws has historically been lacking and difficulties in enforcement. Accordingly, intellectual property rights and confidentiality protections in China may not be as effective as they are in the United States or other countries, which increases the risk that we may not be able to adequately protect our intellectual property. The increase in counterfeiting seed products in the market is also affecting the sales of our products.

Failure to develop and market new products could impact the Company's competitive position and have an adverse effect on the Company's financial results.

The Company's operating results will depend on our ability to renew our pipeline of new seed products and to bring those products to the market. This ability could be adversely affected by difficulties or delays in product development such as the inability to identify viable new products, greater than anticipated development costs, technical difficulties, regulatory obstacles, competition, lack of demand, insufficient intellectual property protection, or lack of market acceptance of new products and services. Due to the lengthy development process, technological challenges and intense competition, there can be no assurance that any of the products the Company is currently developing, or could begin to develop in the future, will achieve substantial commercial success. Consequently, if we are not able to fund our research and development activities and deliver new products to the markets we serve on a timely basis, our growth and operations will be harmed. In addition, sales of the Company's new products could cannibalize sales of some of its current products, offsetting the benefit of even a successful product introduction.

We may be exposed to product quality claims, which may cause us to incur substantial legal expenses and, if determined adversely against us, may cause us to pay significant damage awards.

The performance of our seeds depends on climate, geographical areas, cultivation method, farmers' degree of knowledge and other factors in addition to genetic traits and the quality of our seeds. Natural disasters may also affect the performance of our seeds, particularly when farmers are not able to timely and effectively respond to those disasters. Furthermore, the cultivability of some farmland is deteriorating because of toxic and hazardous materials resulting from farmers' overuse of chemical herbicides and pesticides and the fall-out from other sources of environmental pollution. These factors generally cause underproduction, but farmers may attribute underproduction to seed quality. We may be subject to legal proceedings and claims from time to time relating to our seed quality. The defense of these proceedings and claims can be both costly and time consuming and may significantly divert efforts and resources of our management personnel. An adverse determination in any such proceeding could subject us to significant liability and damage our market reputation and prevent us from achieving increased sales and market share. Protracted litigation could also result in our customers or potential customers deferring or limiting their purchase of our products.

We have limited business insurance coverage in China.

PRC insurance companies do not offer extensive business insurance products. As a result, we have very limited business liability insurance, business disruption insurance, or product liability coverage for our operations in China. We have determined that the difficulties associated with acquiring such insurance on commercially acceptable terms make it impractical for us to obtain such coverage. Most likely we would bear the effects of any business disruption, litigation or natural disaster resulting in our incurring substantial costs and the diversion of our resources, and could adversely affect our operations and financial condition.

Risks relating to doing business in China

The effect of the continuing Coronavirus pandemic on our company cannot fully be determined at this time; however, as China has been largely successful in controlling the spread of the virus, currently it is not expected to have a major impact on either the overall Chinese economy or on the Company.

At this time, because of the Chinese government steps taken in combating the spread of the Coronavirus, the impact of the Coronavirus on the Company and on our ability to produce and distribute products has been insignificant. Although there was a strict lock-down in China in the middle of our fiscal year, we have largely overcome the adverse impact of that period. Currently, we do not expect any long term adverse impact of the Coronavirus on our business, due to the fact that we operate in China and our products are distributed in China. At this time, because the Chinese economy has not been so disrupted by the Coronavirus and government response, we do not expect the pandemic situation to have any significant adverse results on our overall financial condition.

Notwithstanding the above, if the medical situation should change as the world-wide pandemic continues, we could face adverse consequences to our ability to perform research, generate products and effect distribution of products and otherwise pursue our business. Therefore, investors should monitor aspects of the pandemic and its overall effect on the Chinese economy and trade as well as the world economic situation.

If we do not comply with PRC regulations, we may not be able to operate our business or we may be fined, both of which would adversely affect our business, operations and revenues.

The PRC has many regulations relating to the seed business and internet sales business. These laws and regulations are undergoing substantial changes in recent years, resulting in substantially greater regulation and rules that we must adapt to and follow. Seed products must be licensed and undergo a stringent review process before they may be sold in the PRC. Environmental regulation in the future may be potentially concerned with the development, growing and use of GM seed products. Seed development companies also have requirements for their facilities, personnel and investment. The internet sales business has evolving operating, consumer protection and privacy regulations. We believe we currently have all the necessary licenses for our businesses, and that we are in compliance with the other applicable laws and regulations. If we are not in compliance, we may be fined or lose the ability to sell a particular seed or operate our business altogether. If the fines are substantial or if our ability to sell or operate is withdrawn, this will result in additional costs or the loss of revenues and could prevent us from continuing as an operating business.

The technical services agreements between Origin Biotechnology and the other operating subsidiaries may be subject to scrutiny by the PRC tax authorities for transfer pricing adjustments.

We could face adverse tax consequences if the PRC tax authorities determine that our technical service agreements between Origin Biotechnology and the other PRC operating subsidiaries (and possibly our former subsidiaries), were not entered into based on arm's length negotiations. If the PRC tax authorities determine that these agreements were not entered into on an arm's length basis, they may 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 deductions recorded by the operating subsidiaries, which could adversely affect us by:

- increasing the PRC operating subsidiaries' tax liability without reducing Origin Biotechnology's tax liability, which could further result in late payment fees and other penalties to our PRC operating subsidiaries for under-paid taxes; or
- limiting Origin Biotechnology's ability to maintain preferential tax treatment and government financial incentives, which, if the transfer pricing adjustment is significant, could result in Origin Biotechnology failing to qualify for those preferential tax treatments and government financial incentives.

As a result, any transfer pricing adjustment could have an adverse impact on our financial condition.

The discontinuation of any of the preferential tax treatments currently available to our PRC subsidiaries could materially increase our tax liabilities.

Beijing Origin is entitled to a preferential enterprise income tax rate of 15% as a result of having the qualification of a "high and new technology enterprise". This qualification is subject to an annual evaluation by the relevant government authorities in China. The termination of any of our preferential tax treatments could materially increase our tax obligations.

Tax treatment for the subsidiaries will be different from Beijing Origin and could increase our tax liabilities in future fiscal years.

Origin has several joint venture subsidiaries to operate the various aspects of its business. These joint ventures may not have the same tax treatment as for Beijing Origin. Therefore, our overall tax liabilities could be greater than in the past when the Company had the benefit of reduced corporate tax rates.

Under China's Enterprise Income Tax Law, we may be classified as a "resident enterprise" of China. Such classification could result in unfavorable tax consequences to us and our non-PRC shareholders

Under the current Enterprise Income Tax Law, or the New EIT Law, an enterprise established outside of China with "de facto management bodies" within China is considered a "resident enterprise," meaning that it can be treated in a manner similar to a Chinese enterprise for enterprise income tax purposes. The implementing rules of the 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. In April 2009, the SAT issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners like us, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" text should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

However, it is unclear how tax authorities will determine tax residency based on the facts of each case. If the PRC tax authorities determine that our British Virgin Islands holding company is a "resident enterprise" for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, we may be subject to enterprise income tax on our worldwide taxable income as well as PRC enterprise income tax reporting obligations. Second, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises.

In addition to the uncertainty in how the "resident enterprise" classification could apply, it is also possible that the rules may change in the future, possibly with retroactive effect.

Adverse changes in political and economic policies of the PRC, including its policy of reforming its economic system, could have an adverse effect on the growth of private businesses in the PRC such as ours.

Although the PRC has been reforming its economic system to rely more on market forces to influence the deployment of economic resources, it still has strong elements of a planned economy based on governmental dictates and priorities that determine or at least influence business endeavors. We cannot predict whether or not the government will continue to encourage economic liberalization and further loosen its control over the economy and encourage private enterprise or whether it will strengthen its controls through planned industrial policy and control financial and other elements of economic condition. We also cannot predict the timing or extent of future economic policy that may be proposed. Any imposition of planned economy regulation or similar kinds of restrictions could reduce the freedom of private businesses to operate in a profitable manner, restrict inflows of capital or stifle investor willingness to participate in the PRC economy. To the extent we need additional capital; any restrictions on foreign ownership, foreign investment and repatriation of profits will hamper our ability to find capital outside of the PRC.

A return to profit repatriation controls may limit our ability to pay dividends and expand our business, and may reduce the attractiveness of investing in PRC business opportunities.

PRC law allows enterprises owned by foreign investors to remit to other countries their current account items, such as profits, dividends and bonuses earned in the PRC, and the remittance does not require prior approval by the State Administration of Foreign Exchange, or SAFE, upon the proper production of qualified commercial vouchers or legal documents as required by the regulations. However, dividend payments are subject to prior satisfaction of corporate and withholding tax obligations, corporate reserve requirements and board determined social benefit allocations. SAFE regulations generally require extensive documentation and reporting about other kinds of payments to be transmitted outside of China, some of which is burdensome and slows payments. The availability of foreign exchange assets in the banking system will also affect the ability to repatriate profits as well as provide funding for foreign operations. If there is a return to payment restrictions and reporting, the ability of a PRC company to attract investors will be reduced.

Also, our investors may not be able to obtain the benefits of the profits of the business generated in the PRC for other reasons. Relevant PRC laws and regulations permit payment of dividends only from accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. Each of our subsidiaries and our affiliated entities in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital, and to further set aside a portion of its after-tax profits to fund the employee welfare fund at the discretion of the shareholders' meeting or the board. These reserves are not distributable as cash dividends. In addition, the PRC tax authorities may require us to adjust our taxable income under the contractual arrangements we currently have in place in a manner that would materially and adversely affect our subsidiary's ability to pay dividends and other distributions to us. Any limitation on the ability of our subsidiary and our affiliated entity to distribute dividends or other payments to us could materially limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses or otherwise fund and conduct our business.

Pursuant to PRC enterprise income tax law, dividends payable by a foreign-invested enterprise, or FIE, including Origin Biotechnology, from sources in the PRC to its foreign investors are subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. No such treaty currently exists with the British Virgin Islands. Prior to 2008, dividend payments to foreign investors made by FIEs were exempt from PRC withholding tax.

Any fluctuations in exchange rates may adversely affect your investment.

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions. Because our earnings and cash from operations are denominated in Renminbi, as the reporting currency, fluctuations in exchange rates between U.S. dollars and Renminbi will affect our balance sheet and earnings per share when stated in U.S. dollars. The translation of Renminbi amounts into United States dollar amounts has been made for the convenience of the reader. Such translation amounts should not be construed as representations that the Renminbi amounts could be readily converted into United States dollar amounts at that rate or any other rate. The appreciation or depreciation in the value of the Renminbi relative to the U.S. dollar would affect our financial results when reported in U.S. dollar terms without giving effect to any underlying change in our business or results of operations. Fluctuations in the exchange rate will affect the relative value of any dividend we issue which will be exchanged into U.S. dollars, the value of any U.S. dollar denominated investments we make in the future and any earnings on such investments.

PRC regulations relating to offshore investment activities by PRC residents may increase the administrative burden we face and create regulatory uncertainties that could restrict our overseas and cross-border investment activity. Failure by our shareholders who are PRC residents to make any required applications and filings pursuant to such regulations may prevent us from being able to distribute profits, if any, and could expose us and our PRC resident shareholders to liability under PRC law.

SAFE promulgated regulations that require registration with local SAFE offices in connection with direct or indirect offshore investment by PRC residents, including PRC individual residents and PRC corporate entities. These regulations apply to our shareholders who are PRC residents and also apply to our prior and future offshore acquisitions. In particular, the SAFE regulations require PRC residents to file with competent SAFE offices information about offshore companies in which they have directly or indirectly invested and to make follow-up filings in connection with certain material transactions involving such offshore companies, such as increases or decreases in investment amount, transfers or exchanges of shares, mergers or divisions, long-term equity or debt investments, or external guarantees or other material events that do not involve return investment.

The SAFE regulations required prior registration of direct or indirect investments previously made by PRC residents in offshore companies. If a PRC resident with a direct or indirect stake in an offshore parent company fails to make the required SAFE registration, the PRC subsidiaries of such offshore parent company may be prohibited from making distributions of profit to the offshore parent and from paying the offshore parent proceeds from any reduction in capital, share transfer or liquidation in respect of the PRC subsidiaries. Further, failure to comply with various SAFE registration requirements described above could result in liability under PRC law for foreign exchange evasion.

We believe our major shareholders who are PRC residents, or whose shares are beneficially owned by PRC residents, have completed foreign exchange registration with the local foreign exchange bureau according to these SAFE regulations. However, with these regulations there is uncertainty concerning the reconciliation of the new regulations with other approval requirements, it is unclear how the regulations, and any future legislation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. We cannot assure you that all of our shareholders who are PRC residents will comply with our request to make or obtain any applicable registrations or approvals required by the regulations or other related legislation. The failure or inability of our PRC resident shareholders to receive any required approvals or make any required registrations may subject us to fines and legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiary to make distributions or pay dividends or affect our ownership structure. As a result, our business operations and our ability to distribute a dividend to you could be adversely affected.

The PRC legal system has inherent uncertainties that could limit the legal protections available to you.

All of our assets and all of our operations are in the PRC. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but are not binding on subsequent cases and have limited precedential value. Since 1979, the PRC legislative bodies have promulgated laws and regulations dealing with such economic matters as foreign investment, corporate organization and governance, commerce, taxation and trade. However, because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. The laws in the PRC differ from the laws in the United States and may afford less protection to our non-PRC shareholders. Investors in our securities should consider the uncertainties of the legal system within China as part of their evaluation of whether or not to invest or retain their investment in the Company.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in the PRC based on United States judgments against us, our subsidiaries, officers and directors.

We are incorporated in the British Virgin Islands and our PRC operating subsidiaries are formed under PRC law. Substantially all of our assets are located in the PRC. In addition, many of our directors and executive officers reside within the PRC, and substantially all of the assets of these persons are located within the PRC. It may not be possible to affect service of process within the United States or elsewhere outside the PRC upon our directors, or executive officers and experts, including effecting service of process with respect to matters arising under United States federal securities laws or applicable state securities laws. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States and many other countries. As a result, recognition and enforcement in the PRC of judgments of a court in the United States or many other jurisdictions in relation to any matter, including securities laws, may be difficult or impossible. Furthermore, an original action may be brought in the PRC against our assets and our subsidiaries, our directors and executive officers and experts only if the actions are not required to be arbitrated by PRC law and only if the facts alleged in the complaint give rise to a cause of action under PRC law. In connection with any such original action, a PRC court may award civil liability, including monetary damages. Notwithstanding the foregoing, for a non-resident person of China to bring such an action may be difficult and expensive, with no or little chance of being able to pursue an action to conclusion. Investors should consider the foregoing limitations when making a decision to invest or retain an investment in the Company.

A reversion in the Chinese government's policy of favoring state owned enterprises, including seed companies, at the expense of privately owned companies may disadvantage our competitive position in the industry.

In China, state owned enterprises including state owned seed companies typically enjoy preferential policy treatments such as more favorable access to capital, tax breaks and subsidies at various levels of governments. These treatments have created barriers of entry protecting state companies at the expense of private ones, both domestic and international. Despite the reform of the Chinese seed industry in 2008 and the anticipated market-driven industry consolidation going forward, any reversion in the Chinese government's policy to protect state owned seed companies may again pose competitive challenges to non-state owned companies such as Origin.

We may become a passive foreign investment company, which could result in adverse U.S. tax consequences to U.S. holders.

Depending upon the value of our shares and the composition of our assets and income over time, we could be classified as a passive foreign investment company, or PFIC, by the IRS, for U.S. federal income tax purposes. If we were classified as a PFIC in any taxable year in which you hold our shares and you are a U.S. investor, you would generally be taxed at higher ordinary income rates, rather than lower capital gain rates, when we dispose of those shares at a gain in a later year, even if we are not a PFIC in that year. In addition, a portion of the tax imposed on your gain would be increased by an interest charge. Moreover, if we were classified as a PFIC in any taxable year, you would not be able to benefit from any preferential tax rate with respect to any dividend distribution that you may receive from us in that year or any later year. Finally, you would also be subject to special U.S. tax reporting requirements.

Based on our understanding and current assessment, we believe that we were not a PFIC for the taxable year 2020. However, there can be no assurance that we will not be a PFIC for the taxable year and/or later taxable years, as PFIC status is re-tested each year and depends on the facts in such year. For example, we would be a PFIC for a taxable year if the sum of our average market capitalization, which is our share price multiplied by the total number of our outstanding shares, and our liabilities over that taxable year is not more than twice the value of our cash, cash equivalents, and other assets that produce, or are held for the production of, passive income. We could also be a PFIC for any taxable year if the gross income that we and our subsidiaries earn from passive investments is substantial in comparison with the gross income from our business operations. While we will continue to examine our PFIC status, we cannot assure you that we will not be a PFIC for any future taxable year.

Risks relating to our shares

Certain provisions in our organizational documents may discourage our acquisition by a third party, which could limit your opportunity to sell your shares at a premium.

Our memorandum and articles of association include provisions that could limit the ability of others to acquire control of us. Under those provisions, our board of directors has the power to issue preferred shares with such rights attaching to them as they decide and this power could be used in a manner that would delay, defer or prevent a change of control of us. These provisions could have the effect of depriving you of the opportunity to sell your shares at a premium over prevailing market prices by discouraging third parties from seeking to acquire control of us in a tender offer or similar transactions.

We qualify as a foreign private issuer and, as a result, are subject to reduced requirements with respect to the reporting of financial statements and other material events to our shareholders and the SEC.

As a foreign private issuer, we are obligated to file an Annual Report with audited financial statements and Form 6-K reports with the United States Securities and Exchange Commission, or the SEC, at such times as we release information to the public either voluntarily or pursuant to the laws of the British Virgin Islands or the PRC. Therefore, the regularity of financial and other information may be less than would be applicable to a domestic United States registered company under the rules and regulations of the SEC. Investors may not receive information on a timely basis, which could increase their risk of investment in us.

Because we are a foreign private issuer, we have elected to follow British Virgin Islands law in connection with compliance under the Nasdaq Marketplace Rules, which restrict the application of the Nasdaq corporate governance requirements.

The Nasdaq Marketplace Rules permit foreign private issuers to elect not to be governed by all the corporate governance rules. We have elected to avail ourselves of the exemption provided by Nasdaq, and we have elected to be governed by only the British Virgin Island laws and the terms of our memorandum and articles, which for example do not require us to hold an annual meeting each year. Consequently, investors may not have the ability to express their opinion on our business and the actions of directors through the voting process for directors. In other respects, we do follow the Nasdaq Marketplace Rules, such as having a nominations and compensation committee, but these are voluntary and may be eliminated at any time.

A consistently active trading market for shares of our ordinary shares may not be sustained.

Historically, trading in our ordinary shares has been volatile. Generally, the market for our ordinary shares is characterized as “thinly-traded.” There have been, and may in the future be, extended periods when trading activity in our shares is minimal, as compared to a seasoned issuer with a large and steady volume of trading activity. The trading volume at a point in time, combined with the availability of stock, generally will impact the price at which our ordinary shares trade. Trading of a relatively small quantity of ordinary shares may disproportionately influence the market price of our ordinary shares. A consistently active and liquid trading market in our securities may never develop or be sustained.

Our stock price may be volatile.

The market price of our ordinary shares is likely to be volatile and could fluctuate in response to various factors, many of which are beyond our control, including the following: our ability to execute our business plan; operating results that fall below expectations; industry or regulatory developments; investor perception of our industry or our prospects; economic and other external factors; and the other risk factors as discussed below.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our ordinary shares.

Our predecessor auditor, like other independent registered public accounting firms operating in China, is not permitted to be subject to inspection by Public Company Accounting Oversight Board of the United States, and as such, investors may be deprived of the benefits of such inspection.

Independent registered public accounting firms that issue the audit reports included in annual reports filed with the SEC are required by the laws of the United States to undergo regular inspections by the Public Company Accounting Oversight Board (“PCAOB”) to assess compliance with the laws of the United States and professional standards. Auditors that are wholly located in China, a jurisdiction where PCAOB is currently unable to conduct inspections without the approval of the PRC authorities are not currently inspected by the PCAOB. Inspections of other firms that the PCAOB has conducted outside of China have identified deficiencies in those firms’ audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. The inability of PCAOB to conduct inspections of independent registered public accounting firms operating in China makes it more difficult to evaluate the effectiveness of an auditor’s audit procedures or quality control procedures. As a result, investors may be deprived of the benefits of PCAOB inspections.

On May 24, 2013, the PCAOB announced that it has entered into a Memorandum of Understanding (“MOU”) on Enforcement Cooperation with the China Securities Regulatory Commission (the “CSRC”) and the Ministry of Finance (the “MOF”). The MOU establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations in both countries’ respective jurisdictions. More specifically, it provides a mechanism for the parties to request and receive from each other assistance in obtaining documents and information in furtherance of their investigative duties. In addition to developing enforcement MOU, the PCAOB has been engaged in continuing discussions with the CSRC and MOF to permit joint inspections in China of audit firms that are registered with the PCAOB and audit Chinese companies that trade on U.S. exchanges. On December 7, 2018, the SEC and the PCAOB issued a joint statement highlighting continued challenges faced by the U.S. regulators in their oversight of financial statement audits of U.S.-listed companies with significant operations in China. However, it remains unclear what further actions the SEC and PCAOB will take to address the problem.

On January 3, 2020, the Company engaged Borgers as its independent registered public accounting firm. The firm is registered with the PCAOB and operating in Lakewood, Colorado, USA, and is subject to PCAOB rules regarding periodic inspection.

Risks relating to our corporate structure

Below are risk factors that relate to our business structure, which should be carefully reviewed before making an investment in the securities that may be offered by the company or in the public market. Of particular note, investors should understand the following:

a) investors are buying shares in a company formed under the laws of the British Virgin Islands, with operations in the Peoples Republic of China. Some of our PRC operations, being those related to the seed research and seed production are through operating entities established in the PRC that are variable interest entities, collectively, the VIE;

b) the Company and investors, in respect of the portion of our business operating in the PRC through a VIE, face uncertainty about future actions by the government of the PRC that could significantly limit and adversely affect the Company's financial performance and the enforceability of the contractual arrangements of the VIE;

c) the Company has filed this annual report on Form 20-F detailing the financial aspects of the company, including consolidation of the VIE operations, which are not separately stated;

d) because the Company is a British Virgin Islands company formed in 2004, the Company was not required to apply for approval from the government of the PRC to be listed on a United States stock exchange, however, that could change in the future; and

e) the United States Holding Foreign Companies Accountable Act, which requires that the Public Company Accounting Oversight Board (PCAOB) be permitted to inspect the issuer's public accounting firm within three years, may result in the delisting of the operating company in the future if the PCAOB is unable to inspect the firm.

Part of our PRC operations is through subsidiaries are controlled subsidiaries through stock consignment agreements rather than by direct ownership of 100% of their equity, the terms of which may have to be enforced, which would require us to incur extra costs, create uncertainty as to ownership of the operating businesses involved and risk the possible loss of rights.

Under PRC law, foreign entities are not currently permitted to own more than 49% of seed production companies. As a result, 51% of Beijing Origin is owned through stock consignment agreements. In order to address those restrictions, Origin the holding company, a non-Chinese entity that cannot directly own all the shares of our PRC operating subsidiary, holds the right to control such shares in all respects, including voting, dividends, nomination of directors, and corporate management, through stock consignment agreements executed by the owners of that portion of the stock of these companies. In addition, if we engage in the research, production and sale of genetically modified seed products, then foreign entities are not currently permitted to own any portion of the seed production company, therefore we have to carefully structure our company.

There is the risk, however, that a consigning shareholder will not fulfill its obligations under the stock consignment agreement. In that event, we may need to resort to the PRC courts to have our rights under the applicable agreement enforced. Such enforcement will cause us to incur legal expenses. In addition, while a case is pending there will be uncertainty regarding our rights as to Beijing Origin, the PRC operating subsidiary involved as a VIE. A PRC court may decide not to enforce the agreements in whole or in part. To the extent these agreements are neither observed nor enforced as intended, the PRC operating subsidiaries will not be controlled by us as intended, which will affect our enterprise value and restrict our ability to obtain the income and other rights of ownership associated with the consigned stock. It may also prevent the consolidation of our financial statements with the PRC operating subsidiaries, which would reduce the reported earnings of the consolidated companies. The uncertainty of ownership may also adversely affect the market value of our ordinary shares.

Whether or not a stock consignment agreement is terminated depends on the consensus of our Board and the consignees. Any such termination could result in a possible loss of certain rights or assets held by us without receiving fair value in return.

The stock consignment agreements relating to our control of the stock of two of our PRC operating subsidiaries, Origin Beijing and Xinjiang Origin, may be terminated after three years upon mutual agreement between us and the consignees. One of the PRC consignees, Mr. Han, also serves as an officer and director of the Company.

There are corporate protections in place designed to protect our interests, such as an independent Board of Directors, an audit committee comprised of independent directors that must approve insider transactions, a code of conduct requiring fair dealing with the Company, and the British Virgin Islands statutory provision that a disposition of more than 50% of the assets of a company must be approved by a majority of the shareholders. Moreover, if consigned stock is transferred to us as provided in the stock consignment agreements when the restrictions under PRC law are lifted, that stock will no longer be subject to the stock consignment agreements, and the termination of the stock consignment agreements would then have no effect on the ownership of that stock. However, if the stock consignment agreements are terminated, then we would lose our rights with respect to the consigned stock and the profits from the issuing corporation. Such a loss would impair the value of the Company, impair the value of any interest in our ordinary shares, and would reduce our ability to generate revenues.

If the PRC government finds that the agreements that establish the structure for operating some of our operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Foreign ownership in entities that directly and indirectly provide food and agricultural products is subject to restrictions under current PRC laws and regulations. Specifically, foreign ownership may not exceed 49%.

We are a British Virgin Islands company and our PRC subsidiaries are considered a foreign-invested enterprise. To ensure compliance with the PRC laws and regulations, we conduct our foreign investment-restricted business in China through a variable interest enterprise, or a VIE as well as through wholly owned subsidiaries for the businesses that are not restricted. Our VIE currently holds the seed development business license and other licenses necessary for our operation of the agricultural restricted business, based on a series of contractual arrangements with their shareholders. These contractual agreements enable us, we believe, to (i) exercise effective control over our VIE, (ii) receive substantially all of the economic benefits of our VIE, and (iii) have an exclusive call option to purchase all or part of the equity interests in our VIE when and to the extent permitted by PRC law. As a result of these contractual arrangements, we exert control over our VIE and consolidate financial results of our VIE in our financial statements under U.S. GAAP.

In the opinion of our PRC legal counsel, when the overall structure was developed in 2004, (i) the ownership structures of our VIE in China were not then in violation of mandatory provisions of applicable PRC laws and regulations; and (ii) the agreements under the contractual arrangements among our VIE and its shareholders governed by PRC law are valid and binding upon each party to such agreements and enforceable against each party thereto in accordance with their terms and applicable PRC laws and regulations currently in effect. However, we understand that there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations that may be applicable to our VIE. Thus, the PRC government may ultimately find that we are in violation of any existing or future PRC laws or regulations or lack the necessary permits or licenses to operate our business, the relevant governmental authorities would have broad discretion in dealing with such violation, including, without limitation:

- revoking the business licenses and/or operating licenses of our PRC entities;
- imposing fines on us;
- confiscating any of our income that they deem to be obtained through illegal operations, or imposing other requirements with which we or our VIE may not be able to comply;
- discontinuing or placing restrictions or onerous conditions on our operations;
- placing restrictions on our right to collect revenues;
- requiring us to restructure our ownership structure or operations, including terminating the contractual arrangements with our VIE and deregistering the equity rights of our VIE, which in turn would affect our ability to consolidate, derive economic interests from, or exert effective control over our VIE and its subsidiaries and joint ventures;
- restricting or prohibiting our use of the proceeds from this offering or other of our financing activities to finance the business and operations of our VIE and its subsidiaries and joint ventures; or

- taking other regulatory or enforcement actions that could be harmful to our business.

Any of these events could cause significant disruption to our business operations and severely damage our reputation, which would in turn have a material adverse effect on our business, financial condition and results of operations. If occurrences of any of these events results in our inability to direct the activities of our VIE and its subsidiaries and joint ventures that most significantly impact their economic performance, and/or our failure to receive the economic benefits and residual returns from our VIE and its subsidiaries, and we are not able to restructure our ownership structure and operations in a satisfactory manner, we may not be able to consolidate the financial results of our VIE and its subsidiaries in our consolidated financial statements in accordance with U.S. GAAP.

The contractual arrangements with our VIE and its shareholders may not be as effective as direct ownership in providing operational control.

We have to rely on the contractual arrangements with our VIE and its shareholders to operate the business in areas where foreign ownership is restricted. These contractual arrangements, however, may not be as effective as direct ownership in providing us with control over our VIE. For example, our VIE and its shareholders could breach their contractual arrangements with us by, among other things, failing to conduct the operations of our VIE in an acceptable manner or taking other actions that are detrimental to our interests, notwithstanding their contractual obligations.

If we had direct ownership of our VIE in China, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of our VIE, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current contractual arrangements, we rely on the performance by our VIE and its shareholders of their obligations under the contracts to exercise control over our VIE. The shareholders of our VIE may not act in the best interests of the Company or may not perform their obligations under these contracts. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and arbitration, litigation and other legal proceedings and therefore will be subject to uncertainties in the PRC legal system.

Any failure by our VIE or its shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.

If our VIE or its shareholders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and contractual remedies, which we cannot assure you will be sufficient or effective under PRC law. For example, if the shareholders of our VIE were to refuse to transfer their equity interests in our VIE to us or our designee if we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations. In addition, if any third parties claim any interest in such shareholders' equity interests in our VIE, our ability to exercise shareholders' rights according to the contractual arrangements may be impaired. If these or other disputes between the shareholders of our VIE and third parties were to impair our control over our VIE, our ability to consolidate the financial results of our VIE would be affected, which would in turn result in a material adverse effect on our business, operations and financial condition.

All the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through the courts in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in some other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a consolidated VIE should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our VIE, and our ability to conduct our business may be negatively affected.

The shareholders of our VIE may have actual or potential conflicts of interest with us.

The shareholders of our VIE may have actual or potential conflicts of interest with us. The shareholders may breach, or cause our VIE to breach, or refuse to renew, the existing contractual arrangements we have with them and our VIE, which would have a material and adverse effect on our ability to effectively control our VIE and receive economic benefits from it. For example, the shareholders may be able to cause our agreements with our VIE to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise any or all of these shareholders will act in the best interests of the Company or such conflicts will be resolved in our favor.

Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and the Company, except that we could exercise our purchase rights under the agreements with these shareholders to request them to transfer all of their equity interests in our VIE to a PRC entity or individual designated by us, to the extent permitted by PRC law. We cannot assure you that such method, or any other methods that we may explore, will be effective in resolving the potential conflicts of interest between these shareholders and our company. In addition, we rely on the laws of the British Virgin Islands, which provide that directors and officers owe a fiduciary duty to the Company that requires them to act in good faith and in what they believe to be the best interests of the company and not to use their position for personal gains. The shareholders of our VIE have executed powers of attorney to appoint our WFOE to vote on their behalf and exercise voting rights as shareholders of our VIE. If we cannot resolve any conflict of interest or dispute between us and the shareholders of our VIE, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

The shareholders of our VIE may be involved in personal disputes with third parties or other incidents that may have an adverse effect on their respective equity interests in our VIE and the validity or enforceability of our contractual arrangements with our VIE and its shareholders. For example, a spouse of a VIE shareholder may claim that the equity interest of our VIE held by such shareholder is part of their community property in China and should be divided between such shareholder and the spouse. If such claim is supported by the court, the relevant equity interest may be obtained by the shareholder's spouse or another third party who may be found not to be subject to obligations under our contractual arrangements, which could result in a loss of the effective control over our VIE by us. Similarly, if any of the equity interests of our VIE is inherited by a third party with whom the current contractual arrangements are not binding, we could lose our control over our VIE or have to maintain such control by incurring unpredictable costs, which could cause significant disruption to our business and operations and harm our financial condition and results of operations.

Contractual arrangements in relation to our VIE may be subject to scrutiny by the PRC tax authorities and they may determine that we or our VIE owes additional taxes, which could negatively affect our financial condition and the value of your investment.

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements in relation to our VIE were not entered into on an arm's length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust the taxable income of our VIE in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by our VIE for PRC tax purposes, which could in turn increase its tax liabilities without reducing our PRC subsidiary's tax expenses. In addition, the PRC tax authorities may impose late payment fees and other penalties on our VIE for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if our VIE's tax liabilities increase or if it is required to pay late payment fees and other penalties.

Our current corporate structure and business operations may be substantially affected by the newly enacted Foreign Investment Law.

On March 15, 2019, the National People’s Congress promulgated the Foreign Investment Law, which took effect on January 1, 2020. Since it is relatively new, substantial uncertainties exist in relation to its interpretation and implementation. The Foreign Investment Law does not explicitly classify whether VIEs that are controlled through contractual arrangements would be deemed as foreign invested enterprises if they are ultimately “controlled” by foreign investors. However, it has a catch-all provision under definition of “foreign investment” that includes investments made by foreign investors in China through other means as provided by laws, administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions of the State Council to provide for contractual arrangements as a form of foreign investment, at which time it will be uncertain whether our contractual arrangements will be deemed to be in violation of the market access requirements for foreign investment in the PRC and if yes, how our contractual arrangements should be dealt with.

The Foreign Investment Law grants national treatment to foreign-invested entities, except for those foreign-invested entities that operate in industries specified as either “restricted” or “prohibited” from foreign investment in the Special Administrative Measures (Negative List) for Foreign Investment Access jointly promulgated by the Ministry of Commerce and the National Development and Reform Commission, or the NDRC, and took effect in July 2020. The Foreign Investment Law provides that (i) foreign-invested entities operating in “restricted” industries are required to obtain market entry clearance and other approvals from relevant PRC government authorities; (ii) foreign investors shall not invest in any industries that are “prohibited” under the Negative List. If our control over our VIE through contractual arrangements are deemed as foreign investment in the future, and any business of our VIE is “restricted” or “prohibited” from foreign investment under the Negative List effective at the time, we may be deemed to be in violation of the Foreign Investment Law, the contractual arrangements that allow us to have control over our VIE may be deemed as invalid and illegal, and we may be required to unwind such contractual arrangements and/or restructure our business operations, any of which may have a material adverse effect on our business operation.

Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure and business operations.

We may lose the ability to use and enjoy assets held by our VIE that are critical to the operation of our business if our VIE declare bankruptcy or become subject to a dissolution or liquidation proceeding.

Our VIE holds certain assets, notably the seed development business, that are be critical to the operation of our business. If the shareholders of our VIE breach the contractual arrangements and voluntarily liquidate our VIE, or if our VIE declares bankruptcy and all or part of its assets become subject to liens or rights of third-party creditors or are otherwise disposed of without our consent, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. In addition, if our VIE undergoes an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of its assets, thereby hindering our ability to operate our business, which could materially or adversely affect our business, financial condition and results of operations.

The oversight of the China Securities Regulatory Commission, Cyberspace Administration of China or other governmental authorities may adversely affect our business and their approval may be required in connection with this offering, and, if required, we cannot predict whether we will be able to obtain such approval.

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, require an overseas vehicles formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange. If CSRC approval is required, it is uncertain whether it would be possible for us to obtain the approval, and any failure to obtain or delay in obtaining CSRC approval for this offering would subject us to sanctions imposed by the CSRC and other PRC regulatory agencies. It should be noted that the regulations are unclear and our ordinary shares were listed on Nasdaq in 2004.

At this time, we believe that no permission is required from any Chinese authorities (including the CSRC and the CAC) for or continued listing or any offering that may be made under a current or future registration statement and the listing of the ordinary shares on NASDAQ given that: (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether any offering contemplated by the Company is subject to the M&A Rules; (ii) the date of our original listing, and (iii) our PRC subsidiaries were either incorporated as wholly foreign-owned enterprises by means of direct investment or by merger or acquisition of equity interest or assets of a PRC domestic company not subject to the M&A Rules. There can be no assurance that the relevant PRC government agencies, including the CSRC, would reach the same conclusion.

The recently issued Opinions on Strictly Cracking Down on Illegal Securities Activities call for strengthened regulation over illegal securities activities and supervision on overseas listings by China-based companies and propose to take effective measures, such as promoting the development of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. There are still uncertainties regarding the interpretation and implementation of these opinions, and further explanations or detailed rules and regulations with respect to these opinions may be issued in the future. There is still substantial uncertainty as to whether or not these opinions will impose additional requirements on us.

In addition, the Data Security Law was promulgated on June 10, 2021, and became effective in September 2021. The Personal Information Protection Law was promulgated on August 20, 2021, and officially implemented on November 1, 2021. The Data Security Law, among other things, provides for security review procedures for data activities that may affect national security. The Personal Information Protection Law stipulates that critical information infrastructure operators and personal information processors that process personal information up to the number prescribed by the national cyberspace administration must store personal information and important data collected and generated within the territory of the PRC. If it is necessary to provide it overseas, the organization is required to pass the security assessment organized by the national cybersecurity and information department. Furthermore, Measures for Cybersecurity Review, which became effective on June 1, 2020, set forth the cybersecurity review mechanism for critical information infrastructure operators, and provide that critical information infrastructure operators who intend to purchase internet products and services that affect or may affect national security will be subject to a cybersecurity review. Although we do not believe we are a critical information infrastructure provider, the PRC authorities could interpret such term broadly. If our company is deemed to be a critical information infrastructure operator under such rules, we could be subject to cybersecurity review by the CAC and other relevant PRC regulatory authorities and be required to change our existing practices in data privacy and cybersecurity matters at substantial costs. During such cybersecurity review, we may be required to stop providing services to our customers, and such review could also result in negative publicity to us and diversion of our managerial and financial resources.

In addition, the draft amendment to the Measures for Cyber Security Review, or draft measures, published by the Cyberspace Administration of China in July 2021 provides that an application for cyber security review should be made by an issuer who is a “critical information infrastructure operator (CIIO)” or a “data processing operator” as defined therein before such issuer’s securities become listed in a foreign country if the issuer possesses personal information of more than one million users, and that the relevant governmental authorities in the PRC may initiate cyber security review if such governmental authorities determine an operator’s cyber products or services, data processing or potential listing in a foreign country affect or may affect national security. We do not believe we are currently subject to these rules. If the CSRC or other PRC regulatory body subsequently determines that we need to obtain the CSRC’s approval for any offering we may make or our continued listing on NASDAQ or if the CSRC or any other PRC government authorities promulgates any interpretation or implements rules that would require us to obtain CSRC or other governmental approvals, we may not be able to proceed with any offering and other overseas offerings, continued listing overseas of our ordinary shares, or face adverse actions or sanctions by the CSRC or other PRC regulatory agencies. In any such event, these regulatory agencies may impose fines and penalties on our operations in China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds of any offering into the PRC or take other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as our ability to complete this offering.

As of the date of this prospectus, the exact scope of CIIOs and important data under the current laws, regulations and regulatory regime remains unclear, and the authorities may have wide discretion in the interpretation and enforcement of the related laws and regulations. To date, given the current nature of our business in China, we do not believe we are either a “CIIO” or a “data processing operator” holding personal information of more than one million users who is required to file for a cybersecurity review pursuant to the draft measures. However, we cannot guarantee that the relevant PRC regulatory authority will take a view that is not contrary to or otherwise from the opinion stated above. Currently, the draft measures have not materially affected our business and operations. If we are deemed as a CIIO, or as an operator who collects, uses and processes important data according to the Data Security Law, Personal Information Protection Law and other relevant laws and regulations, we may need to perform or be subject to certain prescribed obligations. If we were found to be in violation of these applicable laws and regulations, we may be subject to administrative penalties, including fines and service suspension.

To date, we have not been involved in any investigations on cybersecurity review initiated by the CAC, and we have not received any inquiry, notice, warning, sanctions in such respect or any regulatory objections to this offering. As there are still uncertainties regarding the further enactment of new laws and regulations as well as the revision, interpretation and implementation of those existing laws and regulations, we cannot assure you that we will be able to comply with such regulations in all respects, and we may be ordered to rectify, suspend or terminate any actions or services that are deemed illegal or non-compliant by the regulatory authorities and become subject to fines and/or other penalties. If we are unable to address such issue in a timely manner, or at all, we may be required to suspend or terminate our related businesses or face other penalties, our business, financial condition, results of operations, and prospects could be materially harmed.

ITEM 4. INFORMATION ON THE COMPANY

A. History and development of the Company.

Origin was first incorporated in the British Virgin Islands on February 10, 2005, and is governed by the BVI Business Companies Act, 2004, or BCA, by re-registration on July 10, 2006.

Chardan China Acquisition Corp., the predecessor of Origin, was a blank check company organized as a corporation under the laws of the State of Delaware on December 5, 2003, formed for the purpose of effecting a business combination with companies having operations based in China.

On December 20, 2004, Chardan entered into a stock purchase agreement, referred to as the Stock Purchase Agreement, with State Harvest Holdings Limited, a company incorporated in the British Virgin Islands (“State Harvest BVI”) on October 6, 2004, and all the shareholders of State Harvest (BVI). On February 10, 2005, Chardan formed a wholly-owned subsidiary under the laws of the British Virgin Islands, under the name “Origin Agritech Limited,” referred to as Origin, to complete the stock acquisition of State Harvest (BVI). Chardan merged into Origin to re-domesticate out of the United States, and immediately thereafter, Origin acquired all of the issued and outstanding stock of State Harvest (BVI).

Our ordinary shares, have traded on the Nasdaq Capital Market since June 5, 2019. Prior to trading on that market, our ordinary shares were traded on the Nasdaq Global Market from November 8, 2005 to June 25, 2007, and the Nasdaq Global Select Market from June 26, 2007 to June 4, 2019.

Our business focus is primarily on the corn seed distribution business and research focus on genetically enhanced breeding technologies in agricultural crops.

We were founded as a private sector traditional seed development, marketing, and distribution company. Our development activities also included genetically modified seed activity. In 2015, we began our corporate strategic transition from a traditional seed company to a biotechnology seed company. We developed transgenic corn seed products, including our first generation biotech product phytase traits, second generation biotech product glyphosate tolerance traits and our new technologies of stacked traits of Bt and glyphosate tolerance genes. In 2016, we completed the laboratory and field production trials for our first generation pest/weed trait.

In September 2016, as part of our corporate re-focusing, we entered into a Master Transaction Agreement, along with our controlled companies Beijing Origin Seed Limited (“Beijing Origin”), Denong Zhengcheng Seed Limited (“Denong”), Changchun Origin Seed Technology Development Limited, (“Changchun Origin”), Linze Origin Seed Limited (“Linze Origin”), with Beijing Shihui Agricultural Development Co. Ltd., a company incorporated under the Laws of the PRC (“Shihui”), to sell our commercial seed production and distribution assets and certain other assets in the PRC to Shihui (the “Sale”). In 2018, we closed the first phase of the Master Transaction Agreement and sold the subsidiaries Denong, Changchun Origin and Linze Origin. We terminated the second phase of the Master Transaction Agreement and retained our commercial seed business under Beijing Origin along with the headquarters building in Beijing. Retaining the commercial seed business under Beijing Origin, continuing with our recognized seed development capabilities, and our brand equity in the agriculture sector will also facilitate any expansion into the agricultural e-commerce business.

During 2018 and 2019, we entered into six regional joint ventures for seed distribution business. This is also part of our long-term strategy to operate these distribution businesses under an e-commerce platform. These joint ventures include: Hubei Aoyu, Anhui Aoyu in Anhui province, Xuzhou Aoyu in Jiangsu province, Shandong Aoruxinong in Shandong province and Henan Aoyu in Henan province. Origin holds 50% of equity in Anhui Aoyu and 51% of equity in the other five joint ventures. The remaining equity interests in those joint ventures are held by local distributors. Origin owns these six joint ventures through Origin Biotechnology.

In 2019, the Company entered into a Cooperation Framework Agreement with Beijing Changping Technology Innodevelop Group (BC-TID), an entity owned by the government of Changping District of Beijing City. Under this agreement, BC-TID and the Company formed a new entity, of which 51% and 49% of equity interests would be owned by BC-TID and the Company, respectively. Beijing Origin contributed the headquarters building in Beijing and certain of its seed technology assets related to genetically modified seeds to the new entity. As of September 30, 2021, BC-TID has invested a total of RMB137.7 million (\$20.2 million) as part of the agreement. The deal documents have been completed by both Origin and BC-TID and have been submitted to government officials for final approval which continues to be pending, largely due to the Covid-19 pandemic. The cash amount was used to repay the bank loan of the Company on the headquarters building and provide working capital. As part of the agreement, the Company transferred its seed business of Beijing Origin to Beijing Origin State Harvest Biotechnology Limited (Origin Biotechnology), which is the Company's wholly owned entity in China.

Our principal executive offices are located at No. 21 Sheng Ming Yuan Road, Changping District, Beijing 102206, China, and our telephone number is (86-10) 5890-7588.

B. Business Overview.

Overview

Origin Agritech Limited, along with its subsidiaries, is focused on agricultural biotechnology and an agricultural oriented e-commerce platform, operating in the PRC. Our seed research and development activities specialize in crop seed breeding and genetic improvement. The e-commerce activities will focus on delivering agricultural products to farmers in China via online and mobile ordering and tracking the source of the agricultural products via blockchain technologies. Origin believes that it has built a solid capacity for seed breeding technologies, including marker-assisted breeding and doubled haploids technologies, which it believes, along with its rich germplasm resources, will allow it to become a significant seed technology company in China. With the developmental changes occurring in rural China and our strong brand in that market, we believe we can establish a successful e-commerce platform for farmers in rural China.

We built an agricultural biotechnology research center in 2005 and have been leading the development of biotechnology among crop seed companies in China since then. We have established plant genetic engineering technology platforms, including transforming herbicide tolerance, insect resistance, nitrogen utilization efficiency, and drought stress tolerance traits into corn inbred lines. Of note, we made significant strides in developing our exclusive herbicide tolerance, insect resistance and phytase products, and recently drought resistant products. In November 2009, our genetically modified phytase corn received the Bio-Safety Certificate from China's Ministry of Agriculture and Rural Affairs (“MARA”). This was the world's first genetically modified phytase corn and also the first genetically modified corn seed product in China. The certificate was renewed by the MARA in January 2015. We also are pursuing the approval of other GM seed products in China, including glyphosate tolerant corn and insect resistant corn. We believe we have established a substantial seed product and germplasm pipeline.

[Table of Contents](#)

Through the subsidiary Xinjiang Origin, the Company maintains its “Green Pass” status, providing the Company with the competitive advantage of introducing new hybrid varieties to the Chinese market under an expedited government approval process.

We seek to utilize China’s emerging technology base for our future development. In particular, from time to time we enter and further develop cooperative agreements with publicly funded research institutes in China. In exchange for providing funding to these institutes, we receive rights, which are frequently exclusive rights, to market any seeds developed by these institutes. When a seed is ready to be marketed, we negotiate with the institute to establish an arrangement by which we are permitted to sell the newly developed seeds in exchange for the payment of certain fees to the institute. We believe that these cooperative agreements allow us to access new products without expending substantial costs for our own research and development.

In April 2016, we entered into a commercial licensing agreement with DuPont Pioneer, the advanced seed and genetic business of DuPont. Pursuant to the license, the Company and DuPont would jointly develop new seeds for Chinese farmers.

In September 2017, Origin entered into a commercial license and collaboration agreement with KWS SAAT SE (“KWS”). KWS is a global seed company, active in the business of maize, sugar beet and cereal seed production and marketing, as well as research and development in plant breeding. The agreement is the continuation of a collaborative effort dating back to 2011 when the two companies formed an arrangement under which Origin granted rights to certain of its transgenic traits in maize to KWS and performed services on behalf of KWS relating to those traits and accompanying technologies. The 2017 agreement provides for the prolongation and extension of the collaboration between the companies covering the rights of KWS to use the traits for commercial purposes, including marketing seeds with improved performance.

In December, 2019, the Chinese Ministry of Agriculture and Rural Affairs, MARA, announced a list of GMO traits, including two corn traits, that were awarded biosafety certificates. This signifies the potential commercialization of GMO corn technologies in China. Our double stacked Bt and GT genes are currently in the process to be reviewed by the MARA for biosafety certificates. In September, 2020, the Standard Testing Method and Procedures of the Company’s two GMO corn seed traits were approved in a newly published National Standards Catalog by MARA. The traits that received the National Testing Standard approval are GH5112E-117C, the Company’s double stack of insect resistance and herbicide tolerance corn and G1105E-823, the Company’s herbicide tolerance corn. As part of the approval process, the traits were tested and reviewed by third-party institutes appointed by the MARA. This method will be the national standard for testing procedures for these traits in future variety development and commercialization.

During the third fiscal quarter of 2020, the Company was awarded an RMB6.5 million (US\$0.95 million) grant from MARA for the successful evaluation of the effects of two of its GMO corn traits, GH5112E-117C and G1105E-823. The MARA’s grant program was established to award achievement in agricultural technology innovation and to speed up the technology’s applications in agriculture production. The grant award of Origin’s two GMO traits not only validates the success of our past research efforts but also shows the government’s strong support of GMO research and product development in China.

Recently, the Ministry of Agriculture has taken a number of steps to encourage the GMO industry. Of primary importance is that passage of a new law with regard to hybrid seed approvals. As a result of the law change, three new corn traits have received biosafety certificate approvals in December of 2021. Overall, the renewed government activity with regards to GM biosafety certificate approvals is very positive after a decades-long pause in biosafety certificates approvals. Also, in December 2021, the Ministry of Agriculture published GMO corn and soybean variety approval procedures and standards which cleared the last regulatory obstruction in China. These indicators are generally seen as the country preparing to allow GM enhanced corn to be commercialized in China. However, the exact timing and nature of the future GM corn regulation is still uncertain. So, there continues to be regulatory uncertainty.

Seed Research and Development

Developments in the science of genetics have allowed seed producers to create entirely new products. Compared with conventional varieties, the obvious advantages of these new products, known as GM products, are higher yield, better quality and increased insect-resistance and herbicide tolerance. We are also working on drought resistant traits for corn and next generation quadruple stacked traits. Farmers plant GM varieties to save time and cost, while also reducing field labor. GM corn, soybeans and cotton, among other crops, have been widely used in the United States and many other countries to guard against insect damage and to increase yield. Since receiving the Chinese government approval in 1997, cotton that has been genetically modified to guard against damage from borer insects is now widely planted and accepted in China. MARA has approved other crops, including GM traits in corn, rice and soybeans in biosafety evaluations. We believe that the Chinese government also is encouraging of GM crops, generally, although it is moving cautiously. China permits the importation of certain corn and soy products that are GM varieties. Notwithstanding, the government approvals, GM food products continue to face a low level of public acceptance. We believe that GM food crop seeds in time will be approved by MARA for production and sale and will be accepted in the Chinese market over time.

It is a fundamental that to get the highest yield of production with the least input on the land from fertilizers and pesticides, the seed industry will need to breed super varieties that are pest and disease resistant as well as drought and salt tolerant. All this means the seed industry will need to find the key genes and to work with them and gain government approvals and ultimately consumer acceptance.

Utilizing our existing hybrid seed product line, the Company seeks to further increase crop yield and produce higher quality seeds with the addition of GM traits. We commenced our own biotechnology research program in the early 2000's with a goal of having technology in place to produce GM products when demand for these products is sufficiently high. In 2005, we built an internal research and development center in China for GM crop seeds. Our key focus is biotechnology for GM varieties of corn. We currently employ people who are primarily engaged in genetic transformation, molecular biomarker testing and genetic mapping activities. Our development efforts go beyond our internal biotechnology center, as this unit serves as a central hub to connect with other research facilities in other parts of China. We are collaborating with the China Agricultural University, Zhejiang University, National Maize Improvement Center, and China Academy of Agriculture Science in the field of biotechnology. These cooperative arrangements help enhance our research capabilities and will help enable us to develop and commercialize our products. We have established several plant genetic engineering technology platforms, which incorporate increased herbicide tolerance, insect resistance, nitrogen efficiency, and drought stress tolerance traits into corn inbred lines. The GM traits and products we are working on now include increased herbicide tolerance, insect resistance, nitrogen efficiency, and drought stress tolerance in corn. We developed phytase GM corn, the first genetically modified corn seed product in China. We have applied for biosafety certificates for our drought resistance traits. Notwithstanding our obtaining the Bio-Safety Certificate from the Chinese government and our applications, there can be no assurance that GM products generally will be approved in China, and we expect that the introduction and acceptance of GM products will be cautious.

Intellectual Property

Our intellectual property includes trademarks and patents relating to our seed products. Substantially all of the intellectual property has been registered for IP protection in China (or is the subject of a pending application). We believe that our Chinese intellectual property is important to our seed and other businesses, and impacts our ability to generate revenues. Other international intellectual property rights that we may have are not significant to our business at this time.

We currently have nineteen Chinese patents registered with the State Intellectual Property Office ("SIPO") and with similar government offices in various countries related to our seed products. Among these nineteen patents, fourteen patents are registered in China, and one in each in the United States, Brazil and Argentina, and two are PCT patents which are related to the biotechnology corn seed. Also, in 2017 we have applied for one additional patent in China, in the field of our biotechnology corn seed, and the application has been accepted and is now being reviewed by SIPO.

In addition, we currently have thirty-one Chinese trademarks registered with the Trademark Office of China's State Administration for Industry and Commerce ("SAIC").

Out-Bound Licensed Seed Products

We have entered into licenses to co-develop seeds with other entities and sell our developed seed to third party distributors. We entered into two commercial licensing agreements with DuPont Pioneer, the advanced seed and genetic business of DuPont, in April 2016 and January 2017. Pursuant to the April 2016 license, we and DuPont would jointly develop new seeds for Chinese farmers, and pursuant to the January 2017 license, we may gain access to certain DuPont non-GM corn seed products. This opportunity will be further exploited when the business condition becomes feasible and beneficial.

In September 2017, Origin entered into a commercial license and collaboration agreement with KWS SAAT SE (“KWS”). KWS is a global seed company, active in the business of maize, sugar beet and cereal seed production and marketing, as well as research and development in plant breeding. The agreement is the continuation of a collaborative effort dating back to 2011 when the two companies formed an arrangement under which Origin granted rights to certain of its transgenic traits in maize to KWS and performed services on behalf of KWS relating to those traits and accompanying technologies. This 2017 agreement provides for the prolongation and extension of the collaboration between the companies covering the rights of KWS to use the traits for commercial purposes, including marketing seeds with improved performance.

Under the September 2017 agreement, both companies grant to each other a non-exclusive, transferable and sub-licensable to its affiliates only, license to use the Origin transgenic traits and the KWS germplasm and resulting project material for testing, research and development with the primary aim to introgress the Origin traits into KWS germplasm and test the generated project material for agronomic performance and efficacy. The parties will develop a project plan, which will cover a budget and project details, and include testing by Origin in China under project plan protocols. KWS will provide funding according to the project plan, which plan budget will not include funding for other operations of Origin. KWS will have rights to certain information about the testing by Origin. KWS will also have testing rights outside of China, at its own cost and fulfillment of regulatory requirements. Origin also grants to KWS an exclusive, non-transferable, sub-licensable commercial license to use the Origin transgenic traits for all purposes related to the production, distribution and commercialization of the transgenic material developed under the project plan and the defined KWS varieties in China. The license terms include milestone payments subject to fulfillment of pre-conditions, including regulatory permitting, and royalty fees on sales based on quantities of seed sold that have the licensed traits.

Licensed Seed Products

We signed research agreements with domestic seed companies to incorporate certain Origin Beijing biotech traits into their leading seed varieties in a similar relationship as we have developed with the multinational seed companies. The process is generally planned in two steps: first to introgress the traits into partners parental lines and conduct field tests to confirm efficacy; once the results are confirmed and meet the expectations, then we enter into the second step which involves negotiation of a commercial agreement to define rights and benefit sharing.

With regards to the licensed GM varieties, we have entered into a strategic cooperation agreement with the China Academy of Agriculture Science, or CAAS, to work on biotechnology research and development. That agreement gives us the right to produce and sell the GM crop varieties that are developed in connection with this arrangement, subject to our obligation to reimburse certain of CAAS’ expenses.

Competition

We face competition at three primary levels in respect of our seed products, including large Chinese companies, small local seed companies, and large multinational hybrid and GM seed producers. Currently, we believe that we can compete effectively with each of these competitors and that we can continue to do so in the future. We also face competition from the counterfeiting of corn seeds, which has become an increasing problem in China.

We believe we possess a competitive technology base, including the capability to develop genetically modified seeds. However, there is little public information in this regard and, as a result, other companies’ internal research pipelines remain unclear. Much of the genetically-modified product research remains at the academic level. The majority of the largest crop seed companies have been in existence for considerably longer periods of time than we have, and though they have breeding techniques, they are somewhat entrenched in their ways. Some of these larger entities are evolved state owned enterprises and some stayed as state-owned entities.

We compete within this group on the basis of our consistent product quality, brand identity, customer and technical support, enforcement of our intellectual property rights and a pipeline of proprietary products.

The local seed companies in China, in many respects, are the legacy of a centrally planned agricultural economy. Most of these companies were affiliated with county governments, which played a role in determining what crops would be grown and by whom. As was often the case with planned economies, these extensions of the bureaucracy had no profit motive, and no incentive to improve efficiencies, increase sales or innovate with new products. Market expansion was limited by the tight geographic boundaries within which they were designed to operate.

The majority of these local companies continue to lack the scale and the resources to compete with us in a number of ways. Principally, they lack access to the improved, proprietary hybrids. Also, for the most part they do not have research and development programs for new seeds, effective marketing, advertising, technical support or customer service operations.

Two local companies, DaBeiNong and Longping have received biosafety certificates for their corn traits, which may become competitors in the future. The Company, however, has entered into an agreement with DaBeiNong to explore the combining of their traits with our germplasm for an enhanced GM corn product. The Company also sees this as a validation of the germplasm (seed bank) of owned by the Company and its research capabilities.

We also face competition from the large multinational companies, including Pioneer (DuPont), Monsanto and Syngenta. These companies present a formidable competitive threat because of their financial resources, the high quality of their seed products, and biotechnological capabilities. These companies will present significant competition in the international market context and increasingly will present a competitive position within the China market. These companies are investing in research within China and development of seeds that can be planted in China using GM traits and are engaged in many joint venture projects.

The multinational seed companies rely heavily on GM seed products in the non-PRC markets. GM seed products have only begun to be accepted in China. The extent of future acceptance of GM products is not yet determinable, although there are positive regulatory signs. To date, five corn traits have been approved, including phytase corn, and Bt Rice, but they have yet to obtain approval for commercial seed sales in China. The limited GM technology approval therefore currently limits their competitive advantage. Should GM seed products become more widely approved by the government and begin to gain broader acceptance in the market, as we expect they will in the future, the large biotech companies will become more serious competitors.

PRC Government Regulation on Operations

PRC Seed Law and Other Relevant Regulations

Participation in the crop seed business is a highly regulated activity in the PRC. In July 2000, China enacted its Seed Law, which became effective on December 1, 2000 (the “Seed Law”). The Seed Law was amended in August 2004, September 2011 and November 2015. The latest revision to the Seed Law amendment became effective on January 1, 2016 (the “Revised Law”). The Seed Law sets forth provisions concerning the development, approval, production and distribution of crop seeds.

In addition to the Seed Law, China regulates the seed and plants through a series of other laws, including the Plant Quarantine Law, Administrative License Law, Administrative Penalties Law, Plant Varieties Law (PVP) and Genetically Modified Organisms Safety Law. Local provincial laws may also apply but these vary from province to province. Rules are also made by government departments responsible for administering the laws covering administrative arrangements, procedures and standards including labelling of seed containers.

Seed Production and Operation License

The Revised Law combined the seed production license and distribution license regimes into one Seed Production and Operation License (“SP&O License”). An SP&O License can be obtained at either the provincial level or the national level. Depending on the variety of seeds that the licensee is seeking to produce, the license application requires minimum facility size with respect to office space, laboratory space, breeding space, and storage space; minimum equipment and machinery specifications; minimum number of technical personnel on-site; and minimum number of registered seed breed being produced.

Seed Registration Process

In September 2012, the Ministry of Agriculture (now referred to as the Ministry of Agriculture and Rural Affairs) issued the first group of Breed-Produce-Distribute Vertically-Integrated Crop Seed Distribution Licenses (BPDVI License) based on new administrative measures. Beijing Origin was included as a licensee among the first 32 crop seed companies that received the BPDVI License.

Many types of seeds must undergo a stringent regulatory review before they may be sold in China. Prior to 2016, 28 types of seeds were subject to approval requirements before being sold in China. The Revised Law has reduced the seed types that need pre-sale approval from 28 to 5 major seeds that now are rice, corn, wheat, soybean and cotton seeds. The reduction is intended to incentivize seed research innovation and guarantee China's food security. Producers for seeds other than the abovementioned five major ones will only need to register their products with the regulators under the Revised Law.

Seed approval can be applied at the provincial level and/or the national level. Under the Revised Law, seeds that have been approved in one province can be distributed in other provinces that share a similar ecological region, as long as the approved seeds register with the relevant agricultural department in those provinces. An approval at the national level means the approved seed can be distributed nationwide.

The approval process requires the applicant to submit the application to the provincial variety authorization committee and/or the national variety authorization committee. The seed must have undergone two growing seasons of monitored growth in at least five different locations in a province (depending on the type of seed, some seeds may require monitored growth in up to 20 different locations in the province). These tests are conducted and administered by the government designated institutes, the number of products one Company may submit for testing is usually limited to a small number due to testing capacity limitation. Seeds submitted for testing are planted together with control seeds that are typically the most popular seeds with farmers in the testing locations. Only seeds that have an increased yield of 8% or higher versus the control seeds and that rank among the top six seeds then being tested are cleared to proceed to the second year of testing, during which the results of the initial test season must be confirmed.

The most significant development in the hybrid corn seed approval process in China is the introduction of the Corn Seed Green Pass Test System. Origin is now one of a few major seed companies in China able to use the national level Corn Seed Green Pass Test System. Under this system, Origin can introduce to the market our new hybrid varieties with the field tests conducted by us at our own test sites following a protocol developed by the government. This is an important step to accelerate new product introduction to the market.

Seeds developed outside of China must also follow the above procedures before they can be distributed in China.

The ability to process an application for approval is an important element of success, especially in view of the long timeframe associated with obtaining approval after the seed has been developed. Failures and delays in getting the approvals on a timely basis can seriously disrupt the production company's seed production plan. A minimum of six years – three years to obtain approval and three years to develop the first crop of seed for commercial distribution – generally is required to bring a seed to the market after it has been developed. Because of our extensive network of seed-producing farmers, we have consistently been able to bring new products to the market within a short period of time. Other seed companies often take an additional season or more to bring an approved product to the market, which can be a significant disadvantage for other companies.

Seed GMO Safety Regulations

The Chinese government published Regulations on Administration of Agricultural Genetically Modified Organisms Safety in December 2011 and the regulations were updated in October 2017 (the “GMO Regulations”). The GMO Regulations govern the research, experiment, production, processing, marketing, import and export of agricultural genetically modified organisms (“GMO”) in China. The GMO Regulations classified agricultural genetically modified organisms, or GMO, into Classes I, II, III and IV according to the extent of their risks to human beings, animals, plants, microorganisms and the ecological environment. The principal difference among the classes is the reporting obligation to the relevant agricultural administration. The testing of agricultural GMO will normally go through three stages; restricted field testing, enlarged field testing and productive testing. Depending on the classification of the GMO, the GMO research entity will have differing levels of reporting obligation to the Ministry of Agriculture and Rural Affairs (“MARA”) prior to the commencement of the testing and when the GMO advances from one testing stage to the next testing stage. After the completion of productive testing, the GMO research entity may make an application to the MARA for a safety certificate of the tested GMO. Our products are generally classified as Class I. As of September 30, 2019, the Company has received safety certificate for its phytase corn products. Two of our products are in the Biosafety certification application stage.

A production license from MARA is required for the production of GMO seeds (the “GMO License”). To obtain a GMO License, the business must obtain a bio-safety certificate of agricultural GMO and passed variety examination, plant and breed in the designated areas, adopt appropriate safety administration and precautionary measures and comply with other conditions provided for by MARA. We are in the process of applying for GMO Biosafety certificate and actively discussing with related authorities to meet the requirements for the biosafety certificate.

Foreign Ownership Restrictions of Chinese Seed Companies

Currently, China restricts foreign ownership of businesses in the seed industry. A foreign invested enterprise, or FIE that is engaged in the production, marketing, distribution and sale of food crop seeds is limited to 49% foreign ownership pursuant to the Regulation on the Approval and Registration of Foreign Investment Enterprises in Agricultural Seed Industry (effective on September 8, 1997) and the Foreign Investment Industrial Guidance Catalogue (effective on December 1, 2007).

In addition to restrictions in the conventional seed business, China limits FIEs from engaging in the development, production and distribution of genetically modified corn seeds pursuant to the Foreign Investment Industrial Guidance Catalogue distributed by the Ministry of Commerce of China in 2007. Furthermore, FIEs need to obtain government approvals to engage in the breeding of GM research and testing pursuant to the Agricultural Genetically Modified Organisms Safety Regulation.

Based on the foregoing, we conducted our seed development activities under Beijing Origin, a VIE, which is considered a domestic company and not a FIE. Recently, we have restructured our business and formed seed distribution businesses under Beijing Biotechnology, which is the Company's wholly owned entity in China.

Regulations Relating to E-Commerce and Internet Privacy

China's e-commerce is governed by a number of inter-related laws. One of the principal laws that will govern our activities in e-commerce is the 2019 law aimed at protecting the legal rights and interests of all parties in e-commerce transactions and maintaining market order, which is focused on the requirements and obligations of e-commerce business operators. Other specific laws, for example, the Cybersecurity Law and the series of statutory standards for personal data protection, set out specific and even technical requirements constituting critical parts of the regulatory system governing e-commerce activities in China. Together the laws provide strong protections to customers related to personal data, financial data, invoicing, return policies and seller verification. We will be subject to these measures as a result of any of our activities in the areas of online direct sales and online marketplaces. To the extent of our activities in those areas of commerce, we will be required to adopt measures to ensure safe online transactions, protect online shoppers' rights and prevent the sale of counterfeit goods. Failure to comply with these consumer protection laws could subject us to administrative sanctions, such as the issuance of a warning, confiscation of illegal income, imposition of a fine, an order to cease business operations, revocation of business licenses, as well as potential civil or criminal liabilities.

The 2019 E-Commerce Law requires all online businesses (platform operators, operators on platforms and online sellers) to register with the government, and those that sell regulated products such as drugs must obtain a license. The law also applies to non-traditional shopping channels, such as apps like WeChat. The comprehensive legislation covers contracts, payments and guarantees for transactions. It also provides channels for dispute resolution, including disputes arising from cross-border commerce. It requires businesses to keep records of all their transactions and the information they provide about products and services for at least three years. The law strengthens intellectual property protections and threatens to penalize both the sellers of counterfeit goods and the websites that host them, if the sites fail to “take necessary measures” to stop the fraud. To further strengthen IP protection, retailers on e-commerce sites must also register with the State Administration for Industry and Commerce to obtain a business license; by requiring registration, the law aims to make it more difficult for those who infringe on IP to avoid detection and punishment. Though the law doesn’t specify procedures for identifying or suppressing the sale of fake goods, it says violators can be fined up to 2 million yuan. The law also bans fake reviews, which have been a persistent problem in China. The 2019 law also addresses unfair competition, with special emphasis on those with dominant market positions. Operators with advantages in the market through methods such as number of users and technological advantages, are prohibited from abusing their position to exclude or restrict competition, and platform operators are prohibited from imposing unreasonable restrictions, conditions, or fees on merchants. Consumers will now have stronger legal protections under the 2019 E-Commerce Law, including imposing on merchants the obligation to clearly disclose any clauses or bundles they have placed on sales and cannot assume consent from the consumer.

Once an e-commerce platform is launched, the operator will be governed by the laws and regulations in China regarding personal information protection. Under the Several Provisions on Regulating the Market Order of Internet Information Services, issued by the Ministry of Industry and Information Technology (“MIIT”) in 2011. An e-commerce platform, as an Internet Content Provider, may not collect any user personal information or provide any such information to third parties without the consent of a user and must expressly inform the users of the method, content and purpose of the collection and processing of such user personal information and may only collect such information necessary for the provision of its services. An e-commerce platform will also be required to properly keep the user personal information, and in case of any leak or likely leak of the user personal information, the operator must take immediate remedial measures and, in severe circumstances, to make an immediate report to the telecommunications regulatory authority. In addition, pursuant to the Decision on Strengthening the Protection of Online Information issued by the Standing Committee of the National People’s Congress in December 2012 and the Order for the Protection of Telecommunication and Internet User Personal Information issued by the MIIT in July 2013, any collection and use of user personal information must be subject to the consent of the user, abide by the principles of legality, rationality and necessity and be within the specified purposes, methods and scopes. An internet operator will be required to keep such information strictly confidential, and is further prohibited from divulging, tampering or destroying of any such information, or selling or providing such information to other parties. Any violation of the above decision or order may subject our e-commerce platform to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, closedown of websites or even criminal liabilities.

The mobile app of any e-commerce platform will be governed by the Administrative Provisions on Mobile Internet Applications Information Services. Pursuant to these provisions, owners or operators of mobile apps that provide information services are required to be responsible for information security management, establish and improve the protective mechanism for user information, observe the principles of legality, rightfulness and necessity, and expressly state the purpose, method and scope of, and obtain user consent to, the collection and use of users’ personal information. In addition, the new Cyber Security Law also requires network operators to strictly keep confidential users’ personal information that they have collected and to establish and improve user information protective mechanism. We require our users to consent to our collecting and using their personal information, and established information security systems to protect user’s privacy.

Tax

Origin and State Harvest (BVI) are both tax-exempted companies organized in the British Virgin Islands.

Our PRC Operating Companies are organized in the PRC and governed by PRC laws. PRC enterprise income tax, or EIT, is calculated based on taxable income determined under PRC accounting principles. Under the New EIT law, effective January 1, 2008, FIEs and domestic companies are now subject to a uniform EIT rate of 25% and the tax exemption, reduction and preferential treatments which were applicable only to FIEs were ended. However, any enterprises established before the promulgation of the New EIT law in 2008 that were entitled to preferential tax treatments for a fixed period continued to be entitled to such preferential tax treatment until the expiration of those periods.

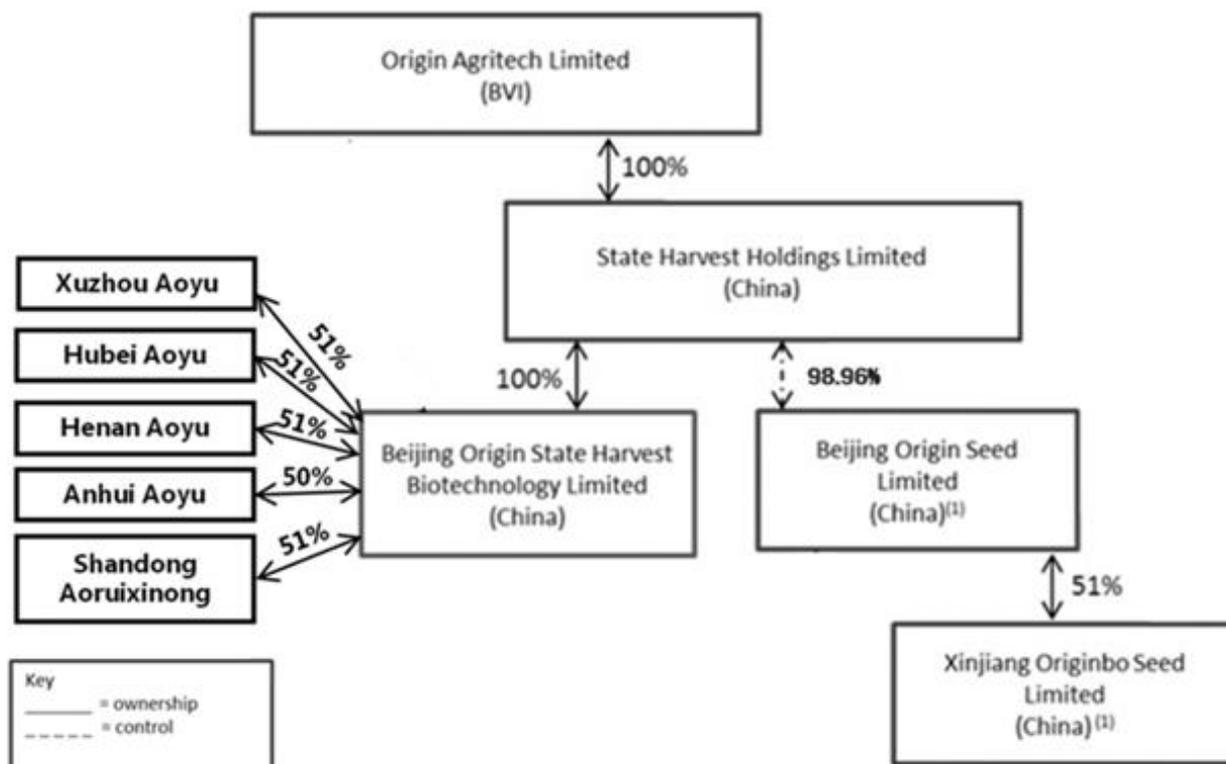
[Table of Contents](#)

The applicable tax rate under the new EIT law to Beijing Origin is 15% since January 1, 2008, because Beijing Origin has been approved as new technology enterprises and enjoys the reduced New EIT rate of 15%. Our other operating companies are subject to the New EIT at a uniform rate of 25%. The preferential treatment of high and new technology enterprise or HNTE, is subject to a reapplication every three-year period. The financial position of the Company after the sale of our corn related production and distribution assets may cause the termination of the HNTE qualification or restrict reapplication for that status, in which event there would be an adverse impact on our tax obligations and tax rate.

Pursuant to the Provisional Regulation of China on Value Added Tax, or VAT, and their implementing rules, all entities and individuals that are engaged in the sale of goods, the provision of repairs and replacement services and the importation of goods in China are generally required to pay VAT at a rate of 13% of the gross sales proceeds received since April 1, 2019, less any deductible VAT already paid or borne by the taxpayer. Pursuant to the Notice of the Ministry of Finance and the State Taxation Administration on Exempting the Value Added Tax for Agricultural Material, self-produced agricultural products sold by agricultural producers shall be exempt from VAT. Pursuant to an approval document received from Beijing Haidian District State Tax Bureau, Beijing Origin has been entitled to exemption from VAT since August 1, 2001.

C. Organizational structure.

Origin Agritech Limited is a holding company, formed in the British Virgin Islands, with no operations of its own. Investors hold ordinary shares in the holding company. We conduct our operations in China primarily through our PRC Operating Companies, of which Beijing Origin (and its subsidiary, Xinjiang Origin) is a VIE arrangement, and the other companies are either full equity or part equity owned by State Harvest, which is full equity owned by the holding company. The following diagram illustrates our current organizational structure as of September 30, 2021.



(1) We are in the process of restructuring Beijing Origin Seed Limited based on the joint venture agreement with BC-TID. Currently, we have direct ownership interest of 48.98% in Beijing Origin Seed Limited through State Harvest Holdings Limited, and we have an additional interest of 49.98% in Beijing Origin Seed Limited through State Harvest Holdings Limited under a series of stock consignment agreements with the respective shareholders of Beijing Origin Seed Limited. Our total financial interest in Beijing Origin is 98.96%. Xinjiang Origin is a subsidiary of Beijing Origin with 51% ownership, and the Company is in the process of transferring this ownership from Beijing Origin to Origin Biotechnology.

[Table of Contents](#)

The table below lists each of our group companies, their place of incorporation and their percentage of ownership interest as of September 30, 2021:

<u>Name</u>	<u>Place of incorporation (or establishment)/operation</u>	<u>Percentage of ownership</u>
State Harvest BVI	British Virgin Islands	100% equity owned by Origin
Origin Biotechnology	Haidian District, Beijing, PRC	100% equity owned by State Harvest
Beijing Origin	Haidian District, Beijing, PRC	98.96% VIE owned and controlled by State Harvest
Xinjiang Origin	Jinbo City, Xinjiang Province, PRC	51% equity owned by Beijing Origin
Henan Aoyu	Zhengzhou City, Henan Province, PRC	51% equity owned by State Harvest
Anhui Aoyu	Hefei, Anhui Province, PRC	50% equity owned by State Harvest
Hubei Aoyu	Wuhan, Hubei Province, PRC	51% equity owned by State Harvest
Xuzhou Aoyu	Xuzhou, Jiangsu Province, PRC	51% equity owned by State Harvest
Shandong Aoruxinong	Qingdao, Shandong Province, PRC	51% equity owned by State Harvest

Stock Consignment Agreements

Under Chinese law, foreign ownership of businesses engaged in the breeding of new varieties, development, production, marketing, distribution and sale of hybrid food crop seeds is limited to 49% pursuant to the Regulation on the Approval and Registration of Foreign Investment Enterprises in Agricultural Seed Industry and The Foreign Investment Industrial Guidance Catalogue. State Harvest (BVI), as a non-Chinese corporation, is limited in the ownership level of those our operating companies in China that it may own directly and those that may only be partly owned. Chinese law, we believe, does not forbid the owner of stock to consign rights associated with the stock, as long as the owner does not transfer title to the stock to a prohibited owner. Moreover, if we engage in the research and development of genetically modified seed products, then foreign entities are not currently permitted to own any of the seed production company.

To gain control over those companies that Origin may not fully own, State Harvest (BVI) entered into a stock consignment agreement with shareholders of those companies or, the parent of those entities. These agreements consign all of the rights of ownership of the shares not able to be held directly other than legal title, thus, effectively transferring the control of the shares subject to the agreements. Those rights include the right to manage in all respects the shares held in title by the shareholders that are parties to them, including all shareholder rights to call meetings of shareholders, to submit shareholder proposals, to elect directors, to vote the shares on all matters and to exercise all other rights of a shareholder in respect of the shares consigned. More specifically, the consignment agreements include giving the right to select, replace and increase the number of the directors and supervisors, recommend new directors and supervisory personnel and to exercise management rights, controlling rights and decision-making power over the shares of the subject company. Additionally, the shares of the PRC operating companies are pledged.

Each title holder of these shares has agreed not to interfere with the consignee's exercise of its rights and to cooperate fully and promptly to permit them to exercise its authority over the consigned shares. This includes all limitations on the ability of the consignee to transfer or dispose of the shares to someone other than to the consignee, give guarantees using the shares, consign the shares to another, alter the ownership proportion in any way, dispose of any rights in the ownership of the shares, and agree to any debt or restructuring of the shares. The consignee has the right to take all action in respect of the consigned shares to avoid any damage or infringement of its rights, including in the event of the consigning shareholder's bankruptcy. The consignee, under the agreements, has virtually all of the property rights of the consigned shares, including the profits, interests, dividends, bonuses and residual assets, except for legal title. If in the future any stock subject to the consignment agreements can be legally transferred, then, without further action by the consignee, it shall be transferred to the consignee in whole or in part for no additional consideration to the consigning shareholder.

[Table of Contents](#)

The stock consignment agreements also provide that if and when the restriction on foreign ownership of food production companies to 49% is removed or the allowed ownership percentage is increased, the consigned shares will then be transferred to the consignee. If not, the consignment agreements continue in full force and govern the consignee's rights over the shares.

The agreements are subject to force majeure limitations. The term of the agreements is initially three years, but they are automatically renewed indefinitely until both the consignee and the consignor agree to terminate. There is no unilateral right of termination except in the event of a breach, in which event the non-breaching party may cancel the consignment agreement after notice and a reasonable cure period has passed and the breach continues. The consigning shareholders have warranted their authority to enter into the agreements and that the consignee has the exclusive right to control the shares that are subject to the consignment agreements. The agreements are binding on the successors, assignors and heirs of the respective consigning shareholders.

The importance of the stock consignment agreements is that, under U.S. GAAP, the consignee corporation may consolidate the financial reporting of those companies whose shares are subject to stock consignment agreements in the manner of wholly and majority owned subsidiaries and enjoy the economic benefits of such subsidiaries. Each stock consignment agreement is subject to enforceability and other limitations of the laws and rules of PRC. The consignee may not transfer the consignment agreement, except as permitted by PRC law. However, we may transfer our interest in the intermediate consignee corporation without limitation. If there is non-performance by the shareholder or some or all of an agreement is unenforceable, we and the consignee may lose the benefits of the agreements and suffer severe economic loss as a result. No assurance can be given that the consignee will be able to enforce its rights vis-à-vis the consigning shareholders in the courts of the PRC, and we are not aware of any cases where these types of stock consignment agreements have been interpreted by PRC courts.

We believe that these agreements are enforceable under current PRC law. However, none of these kinds of agreements have yet been subject to judicial review or interpretation. The consignment agreements provide that if there is any interpretation of the terms by a PRC court, the agreements should be construed in such a way as to give the consignee as much of the full and actual ownership and full beneficial rights and benefits of the consigned stock as is possible, so as to approximate full ownership under all applicable law.

In the event that the consignment agreement is not enforced or is terminated because of a breach by the consignee that is not cured, the right to the underlying stock would be lost and the economic rights would be terminated. However, such a termination would not terminate the separate agreements entered into by Beijing Origin and Henan Origin to transfer technology from those companies to Origin Biotechnology, so even in the event of a termination of a consignment agreement, the consignee would continue to own the applicable PRC entity's technology and intellectual property through Origin Biotechnology, its wholly owned subsidiary (see "Technical Service Agreements" below). Also, the termination of one shareholder's consignment agreement does not cause the termination of any of other consignment agreement, so it would only result in a reduction in consigned shares under the consignee's control.

The following is a table of the parties to the consignment agreements of the Company:

PRC Operating Company	Consigning Owner	% of Shares Consigned
Beijing Origin	Gengchen Han	17.55 %
	Yasheng Yang	14.63 %
	Liang Yuan	13.16 %
	Yuping Zhao	2.04 %
	Weidong Zhang	1.60 %
	Weicheng Chen	1.00 %
		49.98 %

Technical Service Agreements

All of the intellectual property rights of the Company are held by Origin Biotechnology, some of which is pursuant to technical service agreements dated December 25, 2004, and similar arrangements. The holding company, through State Harvest, has the 100% equity interest of Origin Biotechnology. The purpose of this arrangement is to permit better management and licensing of the intellectual property. Under the technical service agreements, Origin Biotechnology provides technical research and production and distribution services to the other of the Company's operating companies. These services include support in the research and development of agricultural seeds, analysis of breeding technologies, environment and feasibility suggestions, technical tutorials and breeding field supervision, market analysis and seed promotion, insect prevention and technical education to distributors and farmers. The fees payable under the agreements are variable, depending on differing formulae for different categories of seeds, and are to be charged on the sales of certain seed products in each fiscal year. These agreements are considered intra-company transactions.

Master Transaction Agreement

In September 2016, Origin entered into a Master Transaction Agreement to sell its certain of the seed production and distribution business of the Company to Beijing Shihui Agricultural Development Co. Ltd. ("Shihui"). In fiscal year 2017, Origin sold 98.58% equity ownership interest in Denong, 100% equity ownership interest in Changchun Origin and 100% equity ownership interest in Linze Origin, which represent our production, processing and distribution services, production and processing centers and marketing centers

D. Property, plant and equipment.

Our principal executive offices are located in the Changping District in Beijing. We own or lease manufacturing facilities, laboratories, seed production and other agricultural facilities, office space, warehouses, research stations and breeding centers in various locations in China. The leased facilities are rented at regular commercial rates, and management believes other facilities are available at competitive rates should it be required to change locations or add facilities.

From the beginning of 2018 to date, our capital expenditures consisted primarily of construction and purchase of plant and equipment, which are located in the PRC. We didn't have any major capital expenditures during fiscal 2020 as we believe that our existing facilities are adequate to conduct our current and foreseeable future business operations.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not Applicable

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of our financial results of operations and condition is based upon and should be read in conjunction with our consolidated financial statements and their related notes included in this Annual Report on Form 20-F. This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, without limitation, statements regarding our expectations, beliefs, intentions or future strategies that are signified by the words "expect," "anticipate," "intend," "believe," or similar language. All forward-looking statements included in this Annual Report are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. Actual results could differ materially from those projected in these forward-looking statements. In evaluating our business, you should carefully consider the information provided under the caption "Risk Factors" in this Annual Report on Form 20-F. We caution you that our businesses and financial performance are subject to substantial risks and uncertainties.

A. Operating Activities and Results.

Corporate Strategies Origin started as a hybrid corn seed company in 1997 as the first private seed company in China. Origin started its seed biotechnology research in early 2000's and established the Origin Life Science Center in 2005. The Company has invested in the seed biotech product development and funded the biotech research and development with its free cash flow and other capital raised from the sale of securities, loans and other capital sources. The Company continues to actively pursue approval and commercialization of its biotech seed products. The Company also is seeking to capitalize on its brand and familiarity with the rural agricultural market to pursue an e-commerce business through which it will sell seed, agricultural and other products in the rural markets of China.

Biotechnology Progress

While we continue to advance our GMO product pipelines with phytase traits and glyphosate tolerance technologies. Our most significant progress made in the last several years is in the new biotech pipelines of stacked traits of insect resistance and herbicide tolerance, drought resistance and next generation quadruple stacked traits. The Company continues to test the double stacked products of Bt and glyphosate tolerance genes against the technologies currently used in the global market.

In 2016, Origin completed the laboratory and field production trials for its first generation PEST/WEED trait. In these trials, molecular characteristics, field efficacy, environmental safety and food safety were thoroughly evaluated and the results met critical biosafety regulation standards. Dossiers summarizing the laboratory and field-test studies internal to Origin and in collaboration with third party research labs were submitted in November 2016 to request Phase 5 Safety Certificate approval. In 2017 we conducted more tests following the feedback from the National Committee of Biosafety. Optimized and complete regulatory dossiers were re-submitted in November 2017 to request Safety Certificate approval. Origin's first generation WEED and PEST/WEED traits have been incorporated into the elite corn inbred lines of Origin and into the products of leading Chinese seed industry partners preparing for future regulatory approval and commercialization.

For the double stacked Bt and GT genes, our repeated field testing in both our northern testing site (for summer testing) and southern testing site (for winter testing and with heavy natural insect pressure) has shown very positive and stable insect resistance results. We believe the Bt gene (Cry1Ah) used in our double stacked traits could be highly valuable in markets outside of China.

Origin's first generation biotechnology trait for insect resistance and herbicide tolerance (PEST/WEED) were successfully exported in 2017 from China to the United States. This represented the first export of such technology by a Chinese seed company to a strategic partner based in the U.S for GM seed products. These corn seeds with insect resistance and herbicide tolerance technologies were entered into collaborative field experiments in the summer of 2017 which confirmed their efficacy of the traits.

Based on our successful development in biotech seed products, we have continued to take steps to secure our biotechnologies intellectual property protections. In 2021, changes to the seed law significantly improved protection for plant varieties and germplasm IP protection. We believe these patents will strengthen our position in the genetically modified seed technologies and will allow us to maintain our leading position in China and enter the global biotech traits market.

Since December, 2019, the Chinese Ministry of Agriculture and Rural Affairs, MARA, announced a list of GMO traits, including five corn traits, that were awarded biosafety certificates. Our double stacked Bt and GT genes are currently in the process to be reviewed by the MARA for biosafety certificates. In September, 2020, the Standard Testing Method and Procedures of the Company's two GMO corn seed traits were approved in a newly published National Standards Catalog by MARA. The traits that received the National Testing Standard approval are GH5112E-117C, the Company's double stack of insect resistance and herbicide tolerance corn and G1105E-823, the Company's herbicide tolerance corn. As part of the approval process, the traits were tested and reviewed by third-party institutes appointed by the MARA. This method will be the national standard for testing procedures for these traits in future variety development and commercialization.

During the fourth quarter fiscal quarter of 2020, the Company was awarded an RMB6.5 million (US\$0.95 million) grant from MARA for the successful evaluation of the effects of two of its GMO corn traits, GH5112E-117C and G1105E-823. The MARA's grant program was established to award achievement in agricultural technology innovation and to speed up the technology's applications in agriculture production. The grant award of Origin's two GMO traits not only validates the success of our past research efforts but also shows the government's strong support of GMO research and product development in China.

Overall Analysis

For the fiscal year ended September 30, 2021, revenue was RMB 46.4 million (US\$7.2 million), compared to RMB52.5 million for the fiscal year ended September 30, 2020. The decline in revenues was mainly due to significant scrap sales in fiscal year 2020 and limited supply in fiscal year 2021.

Total operating expenses from continuing operations for the fiscal year ended September 30, 2021 were RMB150.7 million (US\$23.2 million), compared to the operating expenses of RMB95.1 million in fiscal year 2020. The operating expenses were affected by a onetime write-down of RMB60.7 million for two of our production facilities. Without this write-down, our operating expenses would be RMB90.1 million. The write-downs were due to underutilization of the facilities. However, we have the capability and plans to resume production at full capacity in the future. Selling and marketing expenses for fiscal year 2021 were RMB5.6 million (US\$0.9 million), compared to RMB4.8 million. General and administrative expenses for the fiscal year ended September 30, 2021 were RMB73.3million (US\$ 11.3 million), compared to RMB58.1 million year-over-year. Research and development expenses were RMB2.0 million (US\$0.3 million) in fiscal year 2020, a decrease of 51.2% from RMB4.1 million in fiscal year 2020. The increase in general and administrative expenses for the fiscal year 2021 was mainly due to reserves for the potential tax liability, residue payment of capital expenses for prior periods, and non-cash one-time expenses. We expect that the general and administrative expenses to be significantly lower for the fiscal year 2022. Selling and marketing expenses remained low as the Company's strategy to form seed distribution joint ventures helped to improve efficiency in the distribution businesses. Research and development expenses declined mainly due to the cost control efforts.

Net loss from continuing operations for the fiscal year ended September 30, 2021 was RMB127.0 million (US\$19.6 million), compared with net loss from continuing operation of RMB102.4 million in fiscal year 2020.

Net loss attributable to Origin for the fiscal year ended September 30, 2021 was RMB91.5 million (US\$14.1 million), compared to the net loss of RMB85.3 million for the fiscal year ended September 30, 2020.

Net loss per share was RMB16.29 or US\$2.51 for the fiscal year 2021, compared with net loss per share of RMB16.95 in fiscal year 2020.

Total assets fell to RMB 119 million for the fiscal year ended September 30, 2021, compared with 255 million for the fiscal year ended September 30, 2020. The decreased is mostly due to the writing down of our production facilities in Lin Ze and Xin Jiang, which have been operating significantly below full capacity for the previous three years.

As of September 30, 2021, and 2020, we had approximately RMB15.4 million (US\$2.4 million) and RMB22.5 million, respectively, in cash and cash equivalents for continuing operations. Total borrowings as of September 30, 2021 and 2020 were RMB137.5million (US\$21.2 million) and RMB137.7 million, respectively. The borrowings as of September 30, 2021 is an interest-free loan from BC-TID and will be converted to the equity of the joint venture being formed between the Company and BC-TID. Excluding the interest-free borrowings from BC-TID, the Company doesn't have any other financial debt. During fiscal year 2021, net cash used in operating activities was RMB25.1 million (US\$3.9 million), compared with net cash used in operating activities RMB 5.6 million for the fiscal year ended September 30, 2020. Net cash provided by investing activities was RMB1.2 million (US\$ 0.2 million) for the fiscal year ended September 30, 2021, compared with net cash provided by investing activities of RMB42.2 for the fiscal year ended September 30, 2020. Net cash provided by financing activities was RMB19.8 million for the fiscal year ended September 30, 2021, compared with net cash used in financing activities of RMB65.9 million for the fiscal year ended September 30, 2020.

The Company raised \$2.62 million from the sale of 219,440 ordinary shares during the fiscal year ended September 30, 2021. The proceeds from the sale of the ordinary shares will be used for working capital and the grant amount will be used for the successful evaluation of the effects of two of its GMO corn traits. These funds will partially offset the losses generated by the ongoing operations of the Company.

Research and Development Activities

Origin was built on its research and development platform, and we believe a commitment to research and development is essential to the growth of the Company, particularly as we orientate our operations to biotechnology.

[Table of Contents](#)

Key developments for Origin's GM corn seeds:

We have engaged in extensive research on GM corn seeds since the early 2000's. We believe currently that we have already established an extensive pipeline, including the phytase trait, glyphosate trait, double stacked traits for glyphosate tolerance and insect resistance and triple stacked traits:

Phytase: Four commercial hybrids with phytase traits have completed a number of variety production tests. These varieties with phytase traits have been submitted to the Chinese government to obtain variety safety certificates. We are waiting for the final approval from the Chinese government.

Glyphosate Tolerance: One GM glyphosate tolerance event (the unique DNA recombination event that took place in one plant cell) completed a third year Phase 4 – Production Test and the summary of test results has been submitted to the Chinese Government for the Phase 5 – Safety Certificate.

Glyphosate(G2) Tolerance insect resistance (Bt): The double stacked traits of insect resistance and glyphosate tolerance genes have completed the second year Production Test (Phase 4). The lab and field tests conducted internally and in collaborations with 3rd party research institutes and universities that are certified by the Chinese government showed consistently positive performance same as that we have observed in the tests of previous years. The molecular characteristics, field efficacy of insect resistance and herbicide tolerance traits, agronomic performance, environmental safety, food safety of the transgenic event were thoroughly evaluated. These results meet the standards of the government GM regulations. The summary of these results has been submitted to the Chinese Government for safety certificate (phase 5).

Triple Stacked Traits: Stacked triple and quadruple traits of insect resistance and herbicide tolerance genes with different resistance mechanisms have been under intermediate testing. These traits are expected to increase herbicide tolerance and expand the insecticidal spectrum and durability. More than 3,000 events of the stacked traits were screened in a greenhouse environment of Phase 1-Laboratory Research. More events will be generated to meet the high standard of efficacies.

In addition to the GM trait pipeline, we have also prepared for the commercialization of the key GM corn seeds. During recent years, we have initiated several backcrossing Programs: Multiyear programs of backcrossing of our biotech products, including phytase, glyphosate tolerance, and stacked traits of Bt and G2 genes, into corn varieties from our own product lines as well as several product lines of multinational companies are progressing well. Many of these backcrossing programs have been completed and are ready for commercialization. Successful backcrossing products into our own varieties are and will be submitted for government approvals in due course.

Key developments for Origin's CRISPR Research

We established our CRISPR gene editing technology platform in 2017 to research genetic advancements to improve both the yield and nutritional composition of our corn hybrids. In September 2021, we began collaborating with China Agricultural University to develop new techniques which could reduce the time and cost of producing new corn varieties as compared to conventional hybrid breeding. We have made significant progress in this line of research and expect to develop new products using CRISPR in the coming planting season.

Research and Development Outlook

Our primary business activity is biotechnology research. We seek to become the leader in biotechnology and GM product commercialization in China. There has been some acceptance of GM crop seeds to date, and we expect wider acceptance will follow over time. In 2020-2021, we have seen encouraging signs of greater acceptance of GM crop seeds at the government level. For this reason we continue to pursue biotechnology seed development and invest in genetic modification programs that focus on improving yields, product quality, and insect resistance and disease tolerance for corn seeds and other selected crop seeds. The development of biotechnology attributes remains one of our business strategies. A significant proportion of our management resources are dedicated to building these capabilities across the Company.

During the past few years, we have established several plant genetic engineering technology platforms. These include introducing traits such as herbicide tolerance, insect resistance, nitrogen efficiency, and drought stress tolerance into inbred corn lines. We seek to efficiently utilize modern biotechnology in China and aim to expand beyond China.

Currently, we possess exclusive rights to five genetic traits in various stages of testing and development. We have continued to build our technology platform based upon cooperative relationships with top universities and research institutes in China. These cooperative arrangements allow us to limit our own risk exposure and fixed cost structure and maximize our flexibility in developing applicable technology.

Under government regulations, a registrant company must follow the following procedures prior to registration and marketing GM crops in China. Each step (except laboratory research) has an associated reporting and approval process established by the Chinese Government, the clearance of which is necessary in order to proceed:

1. Laboratory Research: defined by genetic manipulations and research work conducted under a control system within laboratory;
2. Intermediate Testing Phase: a small-scale test conducted under a regulated control system;
3. Environmental Release Test: a medium-scale test conducted under natural condition by taking relatively secure measures;
4. Production Test: a relatively large-scale test before production and application; and
5. Obtaining the safety certificate on genetically modified organisms

Key factors affecting our growth, operating results and financial condition

We expect our future growth, operating results and financial condition to be driven and affected by a number of factors and trends including but not limited to:

- our ability to strategically manage our growth and expansion, organically or through mergers and acquisitions. If we do not manage our growth effectively, our growth may slow down and we may not be able to achieve or maintain profitability;
- our ability to fit acquisitions and our corporate reorganization into our overall growth strategies to generate sufficient value to justify their cost;
- our ability to develop new products and new commercial avenues;
- our ability to evaluate our business lines and take action to discontinue aspects of our business as well as to take cost savings measures for the future growth of the company;
- our ability to partner or joint venture for the creation of more advanced bio-technology products or develop new enterprises;
- our ability to launch and develop our on-line marketing platform;
- our ability to continue to license or acquire crop seeds from third party developers and our ability to develop proprietary crop seeds;
- future consolidations in the crop seed industry in China that may give rise to new or strengthened competitors;
- the possibility that the crop seed industry in China may favor genetically modified seeds over hybrid seeds, and our ability to develop and market such products;
- the impact of regulation affecting our industry; and

We also believe our business benefits importantly from certain government incentives including tax incentives, the expiration of which, or changes to which, could have an adverse effect on our operating results.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of those financial statements requires us to make estimates and judgments that affect the reported amount of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are those that reflect significant judgments or uncertainties, and potentially result in materially different results under different assumptions and conditions. We have described below what we believe are our most critical accounting policies that involve a high degree of judgment and the methods of their application. For a description of all of our significant accounting policies, see Note 2 to our consolidated financial statements.

Revenues

The Company derives most of its revenues from hybrid corn seed.

Prior to October 1, 2018, the Company recognized revenue in accordance with Accounting Standards Codification (“ASC”) Topic 605, Revenue Recognition (“ASC 605”). Effective with the October 1, 2018 adoption of ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," and the associated ASUs (collectively, "Topic 606"), the Company recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for the arrangements that the Company determines are within the scope of Topic 606, the Company performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

Impairment of long-lived assets

The Company reviews the carrying value of long-lived assets to be held and used, including other intangible assets subject to amortization, when events and circumstances warrants such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset and intangible assets. Fair market value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets and intangible assets to be disposed are determined in a similar manner, except that fair market values are reduced for the cost to dispose. The Company has performed an impairment analysis on the plant and equipment in Xinjiang Originbo Seed Company Limited and recorded an impairment loss of RMB 26,716 during the year ended September 30, 2020.

Write-down of Inventories

Our inventories are stated at the lower of cost or net realizable value. Any excess of the cost over the net realizable value of the inventories is recognized as a provision for reduction in the value of inventories.

We assess the write-downs of inventories using three criteria: 1) the quality of seeds according to standards promulgated by the PRC government on the germination percentage and purity level of seeds; 2) a comparison of the inventory unit cost with the market selling price and subsequent write-down of those inventories where the unit cost exceeds its expected net selling price; and 3) evaluation of the unsold balance of the existing inventory that cannot be sold in the coming three years, based on sales forecasts and marketing plan.

We have assessed the product quality, unsold quantity and the amount unit cost exceed the selling price performed by our quality inspectors and sales staff on an annual basis, and accordingly, determined the inventory write-downs based on the assessment results. We believe that the current methodologies on impairment assessment are adequate to address the risks of inventory write-downs. For fiscal year 2021, we had write-off provision of RMB7.98million (US\$1.23 million) for inventories, compared to written off of provision of RMB6.84million for fiscal year 2020 and provision of RMB5.97 million for fiscal year 2019.

Due to the nature of the seed industry, we normally produce seeds according to our annualized production that is developed at least one year before delivery to our customers. If our production plan is too aggressive, we could produce more seeds than the market demands, resulting in aged seeds. We may decide not to sell the aged seeds as crop seed products, taking into account factors such as the quality of the seeds and commodity pricing. In that case, the aged inventory may be sold as common feed products at greatly reduced prices. Aged inventory could result in asset impairment risk, in which case we would suffer a risk of additional inventory write-downs.

Our inventories and provisions related to the seed production and distribution business are reported in discontinued business. Our inventories reported in the continuing business mainly consist of low value supplies and parent seeds that are used for research and development activities.

Income taxes

Income taxes are accounted for using the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance would be provided for those deferred tax assets if it is more likely than not that the related benefit will not be realized. A full valuation allowance has been established against all net deferred tax assets as of December 31, 2019 and 2020 based on our estimates of recoverability.

Stock-based compensation

We adopted FASB ASC 718-10, to measure our issued share options based on the grant-date fair value of the options and recognized as compensation expense over the requisite service period, with a corresponding addition to equity. We adopt the Black-Scholes Model to value the fair value of the share options.

Results of Operations

Fiscal Year ended September 30, 2021, compared to Fiscal Year ended September 30, 2020

Revenues

For the fiscal year ended September 30, 2021, revenue was RMB 46.4 million (US\$7.2 million), compared to RMB52.5 million for the fiscal year ended September 30, 2020. The decline in revenues was mainly due to significant scrap sales in fiscal year 2020 and limited supply in fiscal year 2021.

Operating expenses

Total operating expenses from continuing operations for the fiscal year ended September 30, 2021 were RMB150.7 million (US\$23.2 million), compared to the operating expenses of RMB95.1 million in the fiscal year 2020. The increase in operating expenses was mainly due to a few one-time expenses.

Selling and marketing

Selling and marketing expenses for fiscal year 2021 were RMB5.6 million (US\$0.9 million), compared to RMB4.8 million. Selling and marketing expenses remained low as the Company's strategy to form seed distribution joint ventures helped to improve efficiency in the distribution businesses.

General and administrative

General and administrative expenses from continuing operations primarily consist of salary and compensation, depreciation and amortization, legal fees, professional expenses and other expenses, including travel and other general business expenses and office supplies. General and administrative expenses for the fiscal year ended September 30, 2021, were RMB73.3 million (US\$11.3 million), compared to RMB58.1 million year-over-year. The increase in general and administrative expenses for the fiscal year 2021 was mainly due to reserves for the potential tax liability, residue payment of capital expenses for prior periods, and non-cash one-time expenses. We expect that the general and administrative expenses to be significantly lower for the fiscal year 2022.

Research and development

Research and development expenses from continuing operation primarily consist of salary and compensation expenses of personnel engaged in the research and development of our proprietary crop seeds and genetically modified products, travelling expenses, depreciation of plant and equipment, and expenses paid to certain research institutes to carrying research projects on behalf of Origin during the period. Research and development expenses were RMB2.0 million (US\$0.3 million) in fiscal year 2020, a decrease of 51.2% from RMB4.1 million in fiscal year 2020, mainly due to the cost control efforts.

Loss from operations

Loss from operation for the fiscal year ended September 30, 2021, was RMB138.0 million (US\$21.3 million), compared with net loss from operation of RMB91.6 million in fiscal year 2020.

Interest expense

Interest expense was RMB8.6 million (US\$1.3 million) for the fiscal year 2021 compared to RMB5.8 million a year ago.

Rental income and other non-operating income (expenses), net

The company received rental income for its headquarters building of RMB6.0 million (US\$0.9 million) and incurred other non-operating expenses of RMB14.9 million (US\$2.3 million) during the fiscal year ended September 30, 2021. For the year ended September, 30, 2020, the rental income was RMB7.6 million and the other non-operating expenses were RMB6.7 million.

Net Loss

Net loss attributable to Origin for the fiscal year ended September 30, 2021, was RMB91.5 million (US\$14.1 million), compared to the net loss of RMB85.3 million for the fiscal year ended September 30, 2020.

Fiscal Year Ended September 30, 2020, compared to Fiscal Year ended September 30, 2019

Revenues

For the fiscal year ended September 30, 2020, revenue was RMB52.5million (US\$7.7 million), compared to RMB92.4 million for the fiscal year ended September 30, 2019. The decline in revenues was mainly due to significant scrap sales in fiscal year 2019 and limited supply in fiscal year 2020.

Operating expenses

Total operating expenses from continuing operations for the fiscal year ended September 30, 2020 were RMB95.1 million (US\$14.0 million), compared to the operating expenses of RMB48.7 million in the fiscal year 2019. The increase in operating expenses was mainly due to a few one-time expenses.

Selling and marketing

Selling and marketing expenses for fiscal year 2020 were RMB4.8 million (US\$0.7 million), compared to RMB4.0 million. Selling and marketing expenses remained low as the Company's strategy to form seed distribution joint ventures helped to improve efficiency in the distribution businesses.

General and administrative

General and administrative expenses from continuing operations primarily consist of salary and compensation, depreciation and amortization, legal fees, professional expenses and other expenses, including travel and other general business expenses and office supplies. General and administrative expenses for the fiscal year ended September 30, 2020, were RMB58.1 million (US\$8.5 million), compared to RMB27.2 million year-over-year. The increase in general and administrative expenses for the fiscal year 2020 was mainly due to reserves for the potential tax liability, residue payment of capital expenses for prior periods, and non-cash one-time expenses. We expect that the general and administrative expenses to be significantly lower for the fiscal year 2021.

Research and development

Research and development expenses from continuing operation primarily consist of salary and compensation expenses of personnel engaged in the research and development of our proprietary crop seeds and genetically modified products, travelling expenses, depreciation of plant and equipment, and expenses paid to certain research institutes to carrying research projects on behalf of Origin during the period. Research and development expenses were RMB4.1 million (US\$0.6 million) in fiscal year 2020, a decrease of 69.0% from RMB13.3 million in fiscal year 2019, mainly due to the cost control efforts.

Loss from operations

Loss from operation for the fiscal year ended September 30, 2020, was RMB91.6 million (US\$13.4 million), compared with net loss from operation of RMB61.5 million in fiscal year 2019.

Interest expense

Interest expense was RMB5.8 million (US\$0.9 million) for the fiscal year 2020 compared to RMB4.7 million a year ago.

Rental income and other non-operating income (expenses), net

The company received rental income for its headquarters building of RMB7.6 million (US\$1.1 million) and incurred other non-operating expenses of RMB6.7 million (US\$1.0 million) during the fiscal year ended September 30, 2020. For the year ended September, 30, 2019, the rental income was RMB4.6 million and the other non-operating expenses were RMB3.6 million.

Net Loss

Net loss attributable to Origin for the fiscal year ended September 30, 2020, was RMB85.3 million (US\$12.5 million), compared to the net loss of RMB62.1 million for the fiscal year ended September 30, 2019.

B. Liquidity and Capital Resources.

As of September 30, 2021, and 2020, we had approximately RMB15.4 million (US\$2.4million) and RMB22.5 million, respectively, in cash and cash equivalents for continuing operations. Total borrowings as of September 30, 2021 and 2020 were RMB137.6million (US\$21.2 million) and RMB137.7 million, respectively. The borrowings as of September 30, 2021 is an interest-free loan from the BC-TID and will be converted to the equity of the joint venture being formed between the Company and BC-TID. The transactions documentation for which has been completed and submitted to government officials for approval. Excluding the interest-free borrowings from BC-TID, the Company doesn't have any other financial debt. During fiscal year 2021, net cash used in operating activities was RMB25.1 million (US\$3.9 million), a significant improvement compared with net cash used in operating activities RMB5.6 million for the fiscal year ended September 30, 2020. Net cash provided by investing activities was RMB1.2 million (US\$0.2 million) for the fiscal year ended September 30, 2021, compared with net cash provided by investing activities of RMB42.2 million for the fiscal year ended September 30, 2020. Net cash provided by financing activities was RMB19.8 million (US\$3.1 million) for the fiscal year ended September 30, 2021, compared with net cash provided by financing activities of RMB65.9 million for the fiscal year ended September 30, 2020. Overall cash position improved mainly due to the RMB137.7 million interest-free loan from BC-TID.

The Company raised \$2.62 million from the sale of 219,440 ordinary shares during the fiscal year ended September 30, 2021. The proceeds from the sale of the ordinary shares will be used for working capital and the grant amount will be used for the successful evaluation of the effects of two of its GMO corn traits. These funds will partially offset the losses generated by the ongoing operations of the Company. After September, 2021, the Company raised an additional \$2.62 million from the sale of 219,440 ordinary shares.

[Table of Contents](#)

As of September 30, 2020 and 2021, we had approximately RMB22.5 million and RMB15.4 million (US\$2.4 million), respectively, in cash and cash equivalents. Our cash and cash equivalents primarily consisted of cash on hand and short-term liquid investments with maturities of three months or less deposited with banks and other financial institutions.

We financed our operations through cash generated from the sale of securities, borrowings, a MARA grant and revenues. As of September 30, 2021, we had total long-term borrowings of RMBnil million (US\$nil million), which are interest-free loans from BC-TID and will be converted to the equity for the joint venture being formed between the Company and BC-TID. During the fiscal year ended September 30, 2021, we sold an aggregate of 219,440 ordinary shares under an “at the market” arrangement, for gross proceeds of \$2.62 million.

The following table shows our cash flows with respect to operating activities, investing activities and financing activities for the 12 months ended September 30, 2019, 2020, and 2021.

Item (In thousands)	2019 RMB	2020 RMB	2021 RMB	2021 US\$
Net cash used in operating activities	(60,130)	(5,615)	(25,077)	(3,868)
Net cash provided by investing activities	—	(42,243)	(1,209)	(186)
Net cash provided by (used in) financing activities	62,978	65,918	19,838	3,059
Net (decrease) increase in cash and cash equivalents	2,848	18,060	(6,448)	(995)
Cash and cash equivalents, beginning of year	1,990	3,198	22,482	3,467
Effect of exchange rate changes on cash and cash equivalents	(1,640)	1,371	(816)	(126)

Operating activities:

Net cash used in operating activities was RMB25.1 million (US\$3.9 million) for the fiscal year ended September 30, 2021, compared with cash used in operating activities of RMB5.6 million for the fiscal year ended September 30, 2020.

Investing activities:

Net cash provided by investing activities was RMB1.2 million (US\$0.2 million) for the fiscal year ended September 30, 2021, compared with cash provided by investing activities of RMB42.2 for the fiscal year ended September 30, 2020.

Financing activities:

Net cash provided by financing activities was RMB19.8 million (US\$3.1 million) for the fiscal year ended September 30, 2021, compared with cash provided by financing activities of RMB65.9 million for the fiscal year ended September 30, 2020.

Relevant PRC laws and regulations permit payments of dividends by our PRC operating companies only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. In addition, the statutory general reserve fund requires that annual appropriations of 10% of net after-tax income be set aside prior to payment of any dividends. As a result of these and other restrictions under PRC laws and regulations, our PRC Operating Companies are restricted in their ability to transfer a portion of their net assets to Origin either in the form of dividends, loans or advances.

Even though Origin currently does not require any such dividends, loans or advances from the PRC Operating Companies, Origin may in the future require additional cash resources from our PRC Operating Companies due to changes in business conditions, to fund future acquisitions or developments, or merely to declare and pay dividends or distributions to our shareholders, although we currently have no intention to do so.

Substantial doubt about the ability to continue as going concern

The Company incurred net losses from continuing operations of RMB65.7 million, RMB102.8 million and RMB127.1 million, (US\$19.6 million) in the years ended September 30, 2019, 2020 and 2021, respectively. Our working capital deficit was RMB112.5 million and RMB228.9 million (US\$35.3 million) as of September 30, 2020 and 2021, respectively. Accumulated deficit was RMB559.1million and RMB648.3 million (US\$100.0 million) as of September 30, 2020 and 2021, respectively.

On May 17, 2019, the Company entered into a Cooperation Framework Agreement with Beijing Changping Technology Innodevelop Group (BC-TID), an entity owned by the government of Changping District of Beijing City. Under this agreement, BC-TID and the Company acted to have a joint venture entity, which is 51% and 49% owned by BC-TID and the Company, respectively. Based on the agreement, Beijing Origin will contribute the headquarters building in Beijing and certain of its seed technology assets related to genetically modified seeds to the entity. BC-TID will fund the joint venture with a total of RMB204 million in cash. Also agreed under this agreement, the entity would pay off the bank loan of RMB78 million, which is collateralized by the Company's headquarters building in Beijing, upon receiving the RMB204 million investment from BC-TID.

Since the Cooperation Framework Agreement was signed, both parties have been actively involved to complete the formation of joint venture. However, the process has taken longer than originally expected mainly due to the complicated tax related issues with the Origin Life Science Center building in Beijing and the government approval process. Both parties are now agreed to use Beijing Origin as the joint venture entity in order to expedite the process. The original term remains the same and both parties are cooperating to complete the process as soon as possible. As of February 1, 2021, BC-TID has invested a total of RMB137.7 million (\$20.2 million) as part of the agreement. The deal documents have been completed by both Origin and BC-TID and have been submitted to government officials for final approval. The cash amount was used to repay the bank loan of the Company on the headquarters building and provide working capital. According to the agreement, RMB137.7 million cash currently booked as long-term debt is an interest-free loan and will be converted to the equity for the joint venture when the JV is formed.

During the fourth quarter fiscal quarter of 2020, the Company was awarded an RMB6.5 million (US\$0.95 million) grant from MARA for the successful evaluation of the effects of two of its GMO corn traits, GH5112E-117C and G1105E-823. The MARA's grant program was established to award achievement in agricultural technology innovation and to speed up the technology's applications in agriculture production. The grant award of Origin's two GMO traits not only validates the success of our past research efforts but also shows the government's strong support of GMO research and product development in China.

Prior to of January 31, 2021, the Company had raised a total of \$4.98 million through equity financing. A total of 499,440 ordinary shares were issued for this equity financing.

Besides aforementioned cash inflows, the Company is also seeking funds from other resources including but not limited to licensing its core seed traits to its customers, applying for more government grants for research and development activities, pursuing other capital investment from investors and selling certain company assets. The Company consistently reviews its working capital requirements.

Despite the Company's effort to obtain additional funding and reduce operating costs, there is no assurance that the Company's plans and actions will be successful. In addition, there can be no assurance that in the event additional sources of funds are needed they will be available on acceptable terms, if at all. Our independent auditors have issued their opinion with the qualification that there is a substantial doubt as to our ability to continue as a going concern.

C. Research and Development, Patents and Licenses, etc.

We focus our research and development efforts on biotechnology, crop breeding and the development of new crop seeds. In November 2001, we established a seed research and development center in Tongzhou, Beijing, which conducts research and development of commercial crop breeding. In September 2005, we established the "Origin Life Science Research Center" in Zhong-Guan-Cun (ZGC) Life Science Park in Beijing, the principal activities of which include crop gene engineering, molecular marker-assisted breeding, and molecular identification. We established our southern breeding center in Hainan, China in 2002 and started biotechnology center at the same location in 2010.

We have established technological cooperative relationships with five universities and sixteen research institutes in China, including Zhejiang University, China Agricultural University, Chinese Academy of Agricultural Sciences, the National Maize Improvement Center, and Henan Agriculture University. We employ seventy-two full-time research personnel.

D. Trend Information.

Other than as disclosed elsewhere in this Annual Report, we are not aware of any trends, uncertainties, demands, commitments or events in the period from October 1, 2019, to September 30, 2020, that were reasonably likely to have a material effect on our net revenues, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions, or that had the trends relating to the current-year increases in expenses and reduction in revenues and profits.

E. Off-balance Sheet Arrangements.

We do not have any off-balance sheet guarantees, interest rate swap transactions or foreign currency forward contracts or outstanding derivative financial instruments. We do not engage in trading activities involving non-exchange traded contracts.

F. Tabular Disclosure of Commitments and Contingencies.

We have various contractual obligations that will affect our liquidity. The following table sets forth our contractual obligations as of September 30, 2021.

Contractual Obligations	Payments due by period in RMB' 000s				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating Lease Obligations	3,230	356	357	357	1,446

G. Safe Harbor.

Except for historical facts and financial data, the information included in Items 5.A through 5.D and 5.F is deemed to be a “forward looking statement” as that term is defined in the statutory safe harbors. The safe harbor provided in Section 27A of the Securities Act and Section 21E of the Exchange Act shall apply to all forward-looking information provided in this Item 5.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management.

The following table sets forth certain information regarding our directors and executive officers as of January 31, 2020.

Name	Age	Position
Gengchen Han	67	Chairman of the Board, Chief Executive Officer
Michael W. Trimble	65	Independent Director
Rong Chen	66	Independent Director
Fei Wang	45	Independent Director
Min Lin	57	Independent Director

Dr. Gengchen Han is the Chairman of Origin and has been the Chief Executive Officer of Origin since December 3, 2018. He also served, in the past, as the President and the Chief Executive of Origin at various times. Dr. Han is also the Executive Chairman of Beijing Origin and its affiliated companies, a position that he has held since founding the business in 1997. Dr. Han was the Co-Chief Executive Officer and Chief Executive Officer of the Company from its inception in 1997 until January 1, 2009 and from August 1, 2011 to April 25, 2016. Dr. Han has more than 20 years of experience in research and development of hybrid seed products, particularly corn seed. From 1982 until 1984, Dr. Han was a lecturer at the Henan Agriculture University. From 1984 to 1987, Dr. Han received his Ph.D. degree in Plant Breeding and Cytogenetics from Iowa State University. From 1989 until 1990 he worked for the International Maize and Wheat Improvement Center, or CIMMYT, in Mexico. He worked for Pioneer Hi-bred International from 1990 to 1996; his positions there included Regional Technical Coordinator for Asia/Pacific and Regional Supervisor for China Business.

Dr. Michael W. Trimble has been a director of Origin since May 2006. Dr. Trimble is the founder of Trimble Genetics International LLC, or Trimble Genetics, and has been the President of Trimble Genetics since 2001. Trimble Genetics is a plant genetics research company that has expanded business and research relationships to include activities in North America, South America, Asia, Europe, the Middle East and Africa. Dr. Trimble is a leader in plant genetics research with over thirty years of experience in crop breeding and the agricultural seed industry. Dr. Trimble is an inventor of numerous patents in the field of plant genetics. Dr. Trimble graduated with a Ph.D. degree from the University of Minnesota and also completed graduate programs at Purdue University and Iowa State University.

Mr. Rong Chen became a director of Origin in July 2018. Mr. Chen is the founder of Elastos Foundation. He is a technology industry veteran for over 30 years with 18 years of entrepreneurial experience and 8 years of operating system development experience at Microsoft. Mr. Chen launched Elastos Foundation in June 2017 to develop crypto-tokens and blockchain technologies. Mr. Chen founded Kortide in Beijing in 2000 to design and implement Elastos, an advanced operating system for a secure Internet, from scratch. Mr. Chen has a computer science B.Eng degree from Tsinghua University and a Master degree from the University of Illinois at Urbana-Champaign. Mr. Chen agreed to join Origin's board as announced in the Company's press release dated February 15, 2018 when the Company announced the cooperation with Elastos Foundation.

Ms. Fei Wang became a director of Origin in February 2019. Ms. Wang currently serves as Global Finance Director of UTStarcom Holdings Corp. ("UTStarcom"), a provider of broadband equipment and solutions, which is listed on NASDAQ. Ms. Wang has served in various financial functions, including Investor Relation Director, since 2011. Prior to UTStarcom, Ms. Wang has had more than seven years financial experience in several publicly listed multinational companies based in the United States. Ms. Wang received her master's degree in Financial Accountancy from the Rutgers University and her bachelor's degree in Accounting from City University of New York. Ms. Wang is a member of the American Institute of Certified Public Accountants.

Dr. Min Lin is currently a professor at the Biotechnology Research Institute of Chinese Academy of Agricultural Sciences (CAAS) located in Beijing, China. From 2005 to 2019, Dr. Lin served as the director of the Biotechnology Research Institute of CAAS. Dr. Lin also served as Executive Vice President for the Chinese Society of Agri-Biotechnology and Vice President for Chinese Society of Biotechnology. Dr. Lin has been a visiting scientist at the Institut Pasteur in France and at the Research Institute for Plant Protection (IPO-DLO) in the Netherlands. Dr. Lin received his Ph.D. and Master's Degree from CAAS and his Bachelor's degree in Biology from University of Sichuan.

B. Compensation.

The aggregate cash compensation paid to our directors and executive officers as a group was RMB nil (US\$ nil) for the twelve months ended September 30, 2021. Directors and executives are awarded with equities and stock options, which are stated in the chart found below.

2009 Performance Equity Plan

On April 22, 2010, our company adopted the 2009 Performance Equity Plan, under which we are able to issue equity awards with the right to acquire up to 1,500,000 ordinary shares to our directors, officers, employees, individual consultants and advisors. The main purpose of the plan was to provide an existing structure and renewable benefit plan for senior management and directors and others providing services to the company. No further awards may be made under this plan. We had outstanding awards for 33,000 options under the 2009 Plan at September 30, 2021.

2014 Performance Equity Plan

On December 22, 2014, the company adopted the 2014 Performance Equity Plan, under which we are able to issue equity awards for up to 5,000,000 ordinary shares to our directors, officers, employees, individual consultants and advisors. The main purpose of the plan is to provide an existing structure and renewable benefit plan for senior management and directors and others providing services to the company. In addition to current equity awards to the directors and officers, we plan to expand our equity awards to a broader range of employees in order to align our employee incentives towards our stock performance. We had outstanding awards for 284,370 options under the 2014 Plan at September 30, 2021.

Those awards held by the directors and officers are listed below.

	Ordinary Shares Underlying Outstanding Option	Exercise Price	Grant Date	Expiration Date
Gengchen Han				
	12,000	\$ 13.80 /Share	January 4, 2016	January 4, 2023
	12,000	\$ 20.7 /Share	January 3, 2017	January 3, 2023
	12,000	\$ 9.10 /Share	January 2, 2018	January 2, 2023
	12,000	\$ 5.19 /Share	January 2, 2019	January 2, 2024
	12,000	\$ 5.30 /Share	January 2, 2020	January 2, 2025
	12,000	\$ 13.99 /Share	January 5, 2021	January 5, 2026
Michael Trimble				
	5,00	\$ 13.80 /Share	January 4, 2016	January 4, 2023
	2,000	\$ 20.7 /Share	January 3, 2017	January 3, 2023
	2,000	\$ 9.10 /share	January 2, 2018	January 2, 2023
	2,000	\$ 5.19 /Share	January 2, 2019	January 2, 2024
	2,000	\$ 5.30 /Share	January 2, 2020	January 2, 2025
	2,000	\$ 13.99 /Share	January 5, 2021	January 5, 2026
Rong Chen				
	2,000	\$ 5.19 /Share	January 2, 2019	January 2, 2024
	2,000	\$ 5.30 /Share	January 2, 2020	January 2, 2025
	2,000	\$ 13.99 /Share	January 5, 2021	January 5, 2026
Fei Wang				
	2,000	\$ 5.30 /Share	January 2, 2020	January 2, 2025
	2,000	\$ 13.99 /Share	January 5, 2021	January 5, 2026

2021 Performance Equity Plan

On April 30, 2021, the company adopted the 2021 Performance Equity Plan, under which we are able to issue equity awards for up to 1,000,000 ordinary shares to our directors, officers, employees, individual consultants and advisors. The main purpose of the plan is to provide an existing structure and renewable benefit plan for senior management and directors and others providing services to the company in order to align our employee incentives towards our stock performance. We had outstanding awards for nil options under the 2021 Plan at September 30, 2021.

C. Board Practices.

Terms of directors and executive officers

Our directors are not subject to a specific term of office and hold office until an annual meeting of shareholders where there is an election of directors or until the director's earlier resignation, removal from office, death or incapacity. Any vacancy on the board of directors resulting from death, resignation, removal or other cause and any newly created directorship resulting from any increase in the authorized number of directors between meetings of shareholders may be filled either by the affirmative vote of a majority of all the directors then in office (even if less than a quorum) or by a resolution of shareholders.

Our officers are appointed by the board of directors and hold office until their successors are duly elected and qualified, but may be removed at any time, with or without cause, by resolution of directors. Any vacancy occurring in any office may be filled by resolution of directors.

Employment Agreements

Dr. Han has an employment agreement with us. The agreement currently has a term of three years commencing on January 1, 2021. Dr. Han is entitled to insurance benefits, five weeks' vacation, a car and reimbursement of business expenses and, if necessary, relocation expenses. The agreement is terminable by Origin for death, disability and cause. Dr. Han may terminate the agreement and his employment for good reason, which includes Origin's breach, the executive's loss of his seat on the board of directors, and change of control of Origin. In the event of termination for good reason or without cause, the executive will receive compensation and benefits under his employment agreement through the earlier of two years from the date of termination or through the term of the agreement. The agreements contain provisions for the protection of confidential information and a three-year non-competition period within China.

Board committees

Our board of directors has established an Audit Committee, a Compensation Committee and a Nominations Committee.

Audit Committee

The members of our Audit Committee are Fei Wang (chairman), Michael Trimble and Rong Chen. Our board of directors has determined that all of our Audit Committee members are independent directors within the meaning of Nasdaq Marketplace Rule 4200(a)(15) and meet the criteria for independence set forth in Rule 10A-3(b)(1) of the Securities Exchange Act of 1934.

The board of directors has determined that each of Ms. Fei Wang and Messrs. Michael Trimble and Rong Chen has an understanding of Generally Accepted Accounting Principles and financial statements, the ability to assess the general application of such principles in connection with our financial statements, including estimates, accruals and reserves, experience in analyzing or evaluating financial statements of similar breadth and complexity as our financial statements, an understanding of internal controls and procedures for financial reporting and an understanding of Audit Committee functions.

The board of directors believes that Ms. Wang qualifies as an "audit committee financial expert" within the meaning of all applicable rules. The board of directors believes that Ms. Wang has financial expertise because of her educational backgrounds and her extensive experience in financial reporting for private and public companies.

We adopted an Audit Committee charter, amended by the board of directors at the board meeting held on August 16, 2007, under which the Audit Committee is responsible for reviewing the scope, planning and staffing of the audit and preparation of our financial statements. This includes consultation with management, the auditors and other consultants and professionals involved in the preparation of the financial statements and reports. The Audit Committee is responsible for performing oversight of our relationship with our independent auditor. The Audit Committee also has a general compliance oversight role in assuring that our directors, officers and management comply with our code of ethics, reviews and approves related party transactions, deals with complaints regarding accounting, internal controls and auditing matters, and oversees compliance with accounting and legal requirements applicable to us.

Pursuant to the terms of its charter, as amended, the Audit Committee's responsibilities include, among other things:

- annually reviewing and reassessing the adequacy of the Audit Committee's form of charter;
- reviewing our annual audited financial statements with our management and our independent auditors and the adequacy of our internal accounting controls;
- reviewing analyses prepared by management and independent auditors concerning significant financial reporting issues and judgments made in connection with the preparation of our financial statements;
- engaging of the independent auditor;

[Table of Contents](#)

- reviewing the independence of the independent auditors;
- reviewing our auditing and accounting principles and practices with the independent auditor and reviewing major changes to our auditing and accounting principles and practices as suggested by the independent auditor or our management;
- appointment of the independent auditor; and
- approving professional services provided by the independent auditors, including the range of audit and non-audit fees.

The Audit Committee pre-approves the services to be provided by our independent auditors. The Audit Committee also reviews and recommends to the board of directors whether or not to approve transactions between us and any officer or director that occurs outside the ordinary course of business.

Compensation Committee

The members of our Compensation Committee are Rong Chen (chairman), Michael Trimble and Ms. Fei Wang. The Compensation Committee also administers our equity award plans, including the authority to make and modify awards under each of the 2009, 2014 and 2021 Performance Equity Plans. The current charter of the Compensation Committee, which was adopted March 16, 2007, provides that the committee is responsible for:

- reviewing and making recommendations to our board of directors regarding our compensation policies and forms of compensation provided to our directors, officers and other senior employees;
- reviewing and determining performance-based awards and compensation for our officers and other employees;
- reviewing and determining share-based compensation (including the 2009 and 2014 Performance Equity Plans) for our directors, officers, employees and consultants;
- administering our equity incentive plans (including the 2009 and 2014 Performance Equity Plans) in accordance with the terms thereof; and
- such other matters that are specifically delegated to the Compensation Committee by our board of directors from time to time.

Nominating Committee

Our Nominating Committee consists of Michael W. Trimble (chairman), Rong Chen and Fei Wang. The Nominating Committee is responsible for overseeing the selection of persons to be nominated to serve on our board of directors. The Nominating Committee will identify, evaluate and recommend candidates to become members of the Board of Directors with the goal of creating a balance of knowledge and experience. The Nominating Committee is not a fully independent committee.

Pursuant to a vote by the board of directors taken at a board meeting held March 16, 2007, the Nominating Committee charter was amended. Pursuant to the terms of its charter, as amended, the Nominating Committee's responsibilities include, among other things:

- actively seeking and evaluating qualified individuals to become new directors as needed;
- reviewing current directors' suitability when their terms expire or one has a significant change in status;
- making recommendations with respect to succession planning for the co-chief executive officer and other officers; and
- such other matters that are specifically delegated to the Nominating Committee by our board of directors from time to time.

Summary of Significant Differences in Corporate Governance Practices for Purposes of Rule 5615 of the Nasdaq Marketplace Rules

We are incorporated under the laws of the British Virgin Islands. Our ordinary shares are registered with the SEC and are listed on the Nasdaq Capital Market. As a result, our corporate governance framework is subject to laws of the British Virgin Islands, or BVI, the securities laws and regulations of the United States and the listing requirements of the Nasdaq Marketplace Rules.

Under Rule 5615 of the Nasdaq Marketplace Rules, a foreign private issuer may follow its home country practice in lieu of the requirements of the Nasdaq Marketplace Rules. Rule 5605 requires U.S. domestic listed companies have a majority of independent directors on its board of directors. We are not required to have a majority of independent directors on our board of directors under BVI laws. However, currently, three of our five directors are independent directors under applicable Nasdaq rules.

Under Rule 5605 a U.S. domestic listed company is required to have a nominations committee and compensation committee. We are not required to have such committees under the BVI laws, and therefore are not required to have these committees under the Nasdaq rules. Notwithstanding the fact that they are not required, we do have these two committees, and follow the Nasdaq Marketplace Rules in the independence requirements of the members.

Under Rule 5620, a U.S. domestic issuer must solicit proxies and provide proxy statements for all meetings of shareholders. There are no such mandatory requirements under BVI laws, and therefore, we are not required to hold an annual meeting of the shareholders. We follow our home country practice as to annual meetings.

Under Rule 5635, a US domestic listed company is required to obtain shareholder approval of equity award plans and issuances of equity securities in excess of certain amounts based on our outstanding ordinary shares when at less than the market price or book value. There are no such mandatory requirements under BVI law. We do not plan to get shareholder approval for increases in the 2014 Plan, approval of the 2021 Plan or for any other equity award plan approved by the directors in the future or for issuances of equity securities that exceed 20% of the outstanding ordinary shares of the Company if they are sold at less than the market price or book value.

We have filed documentation with Nasdaq exempting the company under those provisions of the Nasdaq regulations that BVI law does not require the Company to follow.

D. Employees.

We currently have 54 employees, including management, managers and research and related personnel. All of our employees are located in China.

We offer our employees additional annual merit-based bonuses in accordance with the overall performance of our company, his or her department and the individual. We are required by applicable PRC regulations to contribute amounts approximate to 20%, 7.7%, 9.7%, 1%, 0.6% and 0.7%, of our employees' aggregate salary to a pension contribution plan, a medical insurance plan, a housing fund, an unemployment insurance plan, a personal injury insurance plan and a maternity insurance plan, respectively, for our employees.

Our employees are not covered by any collective bargaining agreement. We believe that we have a good relationship with our employees.

E. Share Ownership.

The following table sets forth information with respect to the beneficial ownership of our ordinary shares as of January 25, 2021, by each of our directors and executive officers who beneficially own our ordinary shares, and other principal shareholders.

	Shares Beneficially Owned (*)	
	Number	Percentage of Total
Directors and Executive Officers:		
Gengchen Han, <i>Chairman of the Board and CEO</i> (1)(2)	860,383	14.85 %
Michael W. Trimble, <i>Director</i> (3)	54,400	** %
Rong Chen, <i>Director</i> (1)(4)	—	** %
Fei Wang, <i>Director</i> (1)(5)	2,000	** %
Min Lin, <i>Director</i> (1)	—	—
5% and Greater Shareholders		
Tiger Capital Fund SPC (6)	1,696,450	29.28 %

* Beneficial ownership and percentage are determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended.

** Less than 1%

(1) The business address of each of the individuals is c/o 21 Shengmingyuan Road, Changping District, Beijing, PRC 102206.

(2) Includes 72,000 shares that may be acquired under stock options held by Dr. Han. The shares reported in the above table are held by Dr. Han through a personal holding company, Sinodream Limited, a company formed under the laws of the British Virgin Islands of which he is the sole shareholder, officer and director. Therefore, Dr. Han will have voting and dispositive authority over all the shares.

(3) Includes 10,500 shares that may be acquired under stock options held by Mr. Trimble. The business address of Mr. Trimble is 6159 Brandywine Drive, Johnston, IA 50131.

(4) Includes 6,000 shares that may be acquired under stock options held by Mr. Rong Chen.

(5) Excludes 4,000 shares that may be acquired under stock options held by Ms. Fei Wang.

(6) The business address of Tiger Capital Fund SPC (Tiger Fund) is Floor 4, Willow House, Cricket Square, Grand Cayman, KY 1-9010, Cayman Islands. In addition, Includes 1,000,000 ordinary shares issuable under a warrant held by Tiger Capital Fund SPC.

None of the above shareholders have voting rights that differ from the voting rights of other shareholders.

A substantial number of the ordinary shares are held in “street name,” and the company believes that a large portion of these shares represent holdings of non-United States shareholders through brokers in non-United States jurisdictions. Because these holdings are in street name, the company cannot determine the actual number or jurisdictions in which these shares are held. The company believes that it continues to qualify as a foreign private issuer.

ITEM 7 MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A Major shareholders.

Please refer to Item 6.E “Directors, Senior Management and Employees – Share Ownership.”

1. Related party transactions.

Stock Consignment Agreements

In order to comply with PRC regulations, we operate our business in China through our PRC Operating companies. We have entered into stock consignment agreements in connection with the share ownership with certain of the Company subsidiaries. The material provisions of these agreements are discussed under Item 4.C of this Annual Report.

Technical Service Agreements

All of the intellectual property rights of the Company are held by Origin Biotechnology pursuant to technology service agreements dated December 25, 2004 and other similar arrangements among the Company subsidiaries. The material provision of the technology service agreements are discussed under Item 4.C of this Annual Report.

Corn Originator Agreement

Beijing Origin entered into an agreement with Trimble Genetics International LLC, or Trimble Genetics, a plant genetics research company. Michael W. Trimble, one of our directors, is the founder and president of Trimble Genetics and currently owns 100% of its equity interest. Under this agreement, Beijing Origin hires Trimble Genetics as its agent to test, promote, license and collect research fees on hybrids involving inbred lines of corn developed by Beijing Origin. Trimble Genetics retains fifty percent of such research fees and pays the remaining fifty percent to Beijing Origin. This agreement is immaterial in amount or significance.

Corn Inbred and Hybrid Transfer and Use Agreement

Beijing Origin entered into an agreement with Trimble Genetics on September 6, 2002. Under this agreement, Trimble Genetics provides corn inbreds and hybrids to Beijing Origin for experimental testing purposes. The agreement applies to all corn inbreds and hybrids transferred from Trimble Genetics to Beijing Origin previously, currently or in the future. If a hybrid from the testing proves to be marketable, the parties will negotiate a license agreement. If for any reason, it is not possible to conclude a license agreement, Beijing Origin agrees to return all remnant inbred seed and to destroy any inbreds or hybrids that may have originated from the material provided by Trimble Genetics. This agreement is immaterial in amount or significance.

Xinjiang Origin

In May 2011 Beijing Origin established Xinjiang Origin for seed production and distribution. Beijing Origin invested RMB51 million for a 51% ownership of Xinjiang Origin.

2. Interests of experts and counsel.

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated statements and other financial information.

We have appended consolidated financial statements filed as part of this Annual Report. See Item 18 “Financial Statements.”

Legal Proceedings

We may from time to time be subject to various legal or administrative proceedings, either as plaintiff or defendant, arising in the ordinary course of our business. Except otherwise disclosed in this report, we are not currently a party to, nor are we aware of, any legal proceeding, investigation or claim that, in the view of our management, is likely to materially and adversely affect our business, financial position or results of operations.

Dividend Policy

We have never declared or paid any dividends, nor do we have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain all of our available funds and any future earnings to operate and expand our business.

Our board of directors by resolution may authorize payment of dividends if the directors are satisfied, on reasonable grounds, that Origin will, immediately after the distribution of dividends, (i) satisfy the solvency test as stipulated in Section 56 of the BVI Business Companies Act, (ii) any of our applicable contractual obligations, and (iii) the laws of China. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

Significant changes.

We have not experienced any significant changes since the date of the audited consolidated financial statements included in this annual report.

ITEM 9 THE OFFER AND LISTING

A. Offering and listing details.

Origin's ordinary shares are listed on the Nasdaq Capital Market where they trade under the "SEED" ticker symbol.

B. Plan of distribution.

Not applicable.

C. Markets.

See Item 9.A above.

D. Selling shareholders.

Not applicable.

E. Dilution.

Not applicable.

F. Expense of the issue.

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share capital.

Not applicable.

B. Memorandum and articles of association.

We incorporate by reference into this Annual Report the description of our amended and restated memorandum and articles of association contained in our 20-F annual report, as amended, initially filed with the Commission on July 14, 2006.

C. Material contracts.

We have not entered into any material contracts other than in the ordinary course of business and other than those described in Item 4, “Information on the Company,” Item 7, “Major Shareholders and Related Party Transactions,” filed (or incorporated by reference) as exhibits to this Annual Report or otherwise described or referenced in this Annual Report.

D. Exchange controls.

British Virgin Islands

There are no material exchange controls restrictions on payment of dividends, interest or other payments to the holders of our ordinary or preferred shares or on the conduct of our operations in the BVI, where we are incorporated. There are no material BVI laws that impose any material exchange controls on us or that affect the payment of dividends, interest or other payments to nonresident holders of our ordinary or preferred shares. BVI law and our amended and restated memorandum and articles of association impose no material limitations on the right of non-residents or foreign owners to hold or vote our ordinary or preferred shares.

China

The State Administration for Foreign Exchange (SAFE)

The principal regulations governing foreign currency exchange in the PRC are the Foreign Exchange Administration Regulations, as amended in August 2008, and the Administration Rules of the Settlement, Sale and Payment of Foreign Exchange. Under these regulations, the Renminbi is freely convertible for payments of current account items, such as trade and service related foreign exchange transactions and dividend payments, but not for expenses of capital, such as direct investment, loan or investment in securities, outside the PRC unless the prior approval of the SAFE is obtained and prior registration with the SAFE is made.

Under the Foreign Exchange Administration Regulations, foreign-invested enterprises in the PRC may purchase or remit foreign exchange without the approval of the SAFE for trade and service related foreign exchange transactions by providing commercial documents evidencing these transactions. They may also retain foreign exchange (subject to a cap approved by the SAFE) to satisfy foreign exchange liabilities or to pay dividends. However, the relevant PRC government authorities, which have significant administrative discretion in implementing the laws, may restrict or eliminate the ability of foreign-invested enterprises to purchase and retain foreign currencies in the future. In addition, foreign exchange transactions involving direct investment, loan and investment in securities outside the PRC are subject to limitations and require approvals from the SAFE.

Under the Administration Rules of the Settlement, Sale and Payment of Foreign Exchange effective in 1996, foreign-invested enterprises may only buy, sell and/or remit foreign currencies at banks authorized to conduct foreign exchange business after providing valid supporting documents and, in the case of capital account item transactions, obtaining approval from the SAFE or its competent local counterpart.

Under the Foreign Investment Law, FIL, foreign investors may, according to applicable laws, freely remit into or out of the PRC, in Renminbi or any other foreign currency, their contributions, profits, capital gains, income from asset proposal, intellectual property royalties, lawfully acquired compensation, indemnity or liquidation income and so on within the territory of the PRC.

The SAFE promulgated the Circular on the Relevant Operating Issues Regarding Administration Improvement of Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or Circular 142, on August 29, 2008. Under Circular 142, registered capital of a foreign-invested enterprise settled in Renminbi converted from foreign currencies may only be used within the business scope approved by the applicable governmental authority and may not be used for equity investments in the PRC. In addition, foreign-invested enterprises may not change how they use such capital without the SAFE’s approval, and may not in any case use such capital to repay Renminbi loans if they have not used the proceeds of such loans.

The SAFE promulgated the Notice of the SAFE on Reforming the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-Invested Enterprises, or Circular 19, on June 1, 2015, which superseded Circular 142. Under Circular 19, foreign-invested enterprises are allowed to settle 100% of their capital in foreign currencies in Renminbi on a discretionary basis. The Renminbi obtained by foreign-invested enterprises from the discretionary settlement of their capital in foreign currencies shall be managed under the accounts for foreign exchange settlement pending payment, and foreign-invested enterprises shall make various payments from such account for the following scope of use: expenditure within the business scope, payment for domestic equity investment and Renminbi deposits, transfers to the special centralized fund management account and the account for foreign exchange settlement pending payment under the same name, repayment of the Renminbi loans that have been fully used, repayment of external debts directly or by foreign exchange purchase and payment, external payment of funds to foreign investors due to capital reduction or divestment directly or by foreign exchange purchase and payment, external payment of current account expenditure directly or by foreign exchange purchase and payment, and other capital account expenditure registered by the relevant foreign exchange bureau (bank) or approved by the relevant foreign exchange bureau. Foreign-invested enterprises shall not use their capital and the Renminbi obtained from foreign exchange settlement for any of the following purposes: direct or indirect use for expenditure beyond its business scope or expenditure prohibited by PRC laws and regulations; directly or indirect use for investment in securities, unless otherwise prescribed by laws and regulations; directly or indirect use for granting entrusted loans (unless permitted under its business scope), repaying inter-company loans (including third party advances) and repaying Renminbi bank loans that have been transferred to a third party; or use for the expenses related to the purchase of real estate not for self-use, unless it is a foreign-invested real estate enterprise. Circular 19 may adversely affect our liquidity and our ability to fund and expand our business in the PRC.

The SAFE promulgated the Notice of the SAFE on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange Settlement, or Circular 16, on June 9, 2016. Under Circular 16, onshore enterprises (including Chinese-funded enterprises and foreign-invested enterprises, excluding financial institutions) may all settle their external debts in foreign currencies according to the method of voluntary foreign exchange settlement. The banks shall, in handling each transaction of foreign exchange settlement for an onshore enterprise according to the principle of payment-based foreign exchange settlement, review the authenticity and compliance of the use by the domestic institution of the foreign exchange funds settled in the previous transaction (including voluntary settlement and payment-based settlement). The earnings and expenditures of the account for foreign exchange settlement pending payment are limited to certain scope. The use of foreign exchange earnings under capital account shall be within the enterprise's business scope and in a truthful manner for proprietary purposes.

Regulations Relating to Foreign Exchange Registration of Offshore Investment by PRC Residents

Under Circular 75 issued on October 21, 2005, (i) a PRC resident, including a PRC resident natural person (e.g., a PRC citizen or a foreign citizen who resides primarily in China), shall register with the local branch of the SAFE before it establishes or controls an overseas special purpose vehicle for the purpose of overseas equity financing (including convertible debt financing); (ii) when a PRC resident contributes the assets of or its equity interests in a domestic enterprise to an overseas special purpose vehicle, or engages in overseas financing after contributing assets or equity interests to an overseas special purpose vehicle, such PRC resident shall register his or her interest in the overseas special purpose vehicle and the change thereof with the local SAFE branch; and (iii) when the overseas special purpose vehicle undergoes a material event outside of China, such as a change in share capital, or merger or acquisition, the PRC resident shall, within 30 days of the occurrence of such event, register such change with the local SAFE branch.

PRC residents who are shareholders of overseas special purpose vehicles established before November 1, 2005 were required to register with the local SAFE branch before March 31, 2006.

The SAFE promulgated Circular 37 on July 4, 2014, which superseded Circular 75. Circular 37 requires PRC residents to register with local branches of the SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of 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 Circular 37 as a "special purpose vehicle." 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. According to Circular 13 issued by the SAFE on February 13, 2015, starting from June 1, 2015, all new such registrations required under Circular 37 (other than make-up registrations) will be handled by qualified banks instead of the local SAFE branches. The qualified banks, under the supervision of the SAFE, will directly review the applications and process the registration.

Under Circular 37, in the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

Regulations Relating to Employee Stock Option Plans

On December 25, 2006, the People's Bank of China promulgated the Measures for the Administration of Individual Foreign Exchange, and on January 5, 2007, the SAFE further promulgated the implementation rules on those measures. Both became effective on February 1, 2007. According to the implementation rules, if individuals in the PRC participate in any employee stock ownership plan or stock option plan of an overseas-listed company, those individuals must apply as a group through the company or a domestic agency to the SAFE or the appropriate local branch for approval for any foreign exchange-related transactions concerning that plan.

On March 28, 2007, the SAFE promulgated the Stock Option Rule. Under the Stock Option Rule, PRC citizens who are granted stock options by an overseas-listed company are required, through a PRC agent or PRC subsidiary of such overseas-listed company, to register with the SAFE and complete certain other procedures.

On February 15, 2012, the SAFE promulgated the New Stock Option Rule. Upon the effectiveness of the New Stock Option Rule on February 15, 2012, the 2007 Stock Option Rule became replaced, although the basic requirements and procedures provided under the Stock Option Rule are kept unchanged in the New Stock Option Rule, i.e., the domestic employees participating in stock incentive plan of an overseas-listed company shall appoint the PRC subsidiary of the overseas-listed company or a domestic qualified agent to make the registration of the stock incentive plan with the SAFE and handle all foreign exchange-related matters of the stock incentive plan through the special bank account approved by the SAFE. The New Stock Option Rule clarifies that the domestic subsidiary of an overseas-listed company shall include the limited liability company, partnership and the representative office directly or indirectly established by such overseas-listed company in China and the domestic employees shall include the directors, supervisors, the senior management and other employees of the domestic subsidiary, including the foreign employees of the domestic subsidiary who continuously reside in China for no less than one year.

Similar to the Stock Option Rule, the New Stock Option Rule requires that the annual allowance with respect to the purchase of foreign exchange in connection with stock holding or stock option exercises shall be subject to the approval of the SAFE. The New Stock Option Rule further requires that the material amendments of the stock incentive plan shall be filed with the SAFE within three months following the occurrence of the material amendments. The domestic agent shall also make a quarterly update to the SAFE to disclose the information with respect to the stock option exercises, the stock holding and foreign exchange matters. If the domestic employees or the domestic agent fails to comply with the requirements of the New Stock Option Rule, the SAFE may require the remedy and even impose administrative penalties that the SAFE deems appropriate.

In addition, the State Administration for Taxation, SAT, has issued circulars concerning employee share options. Under these circulars, individuals working in China who exercise share options will be subject to PRC individual income tax. We have obligations to file documents related to employee share options with relevant tax authorities and withhold the individual income taxes of employees who exercise their share options.

Regulations Relating to Dividend Distribution

The principal regulations governing distribution of dividends paid by wholly foreign owned enterprises and Sino-foreign equity joint ventures include:

- Wholly Foreign Owned Enterprise Law (1986), as amended;
- Wholly Foreign Owned Enterprise Law Implementing Rules (1990), as amended;
- Sino-Foreign Equity Joint Venture Enterprise Law (1979), as amended;
- Sino-Foreign Equity Joint Venture Enterprise Law Implementing Rules (1983), as amended; and
- PRC Enterprise Income Tax Law and its Implementation Rules (2007), amended in 2017 and 2018.

Under these regulations, foreign-invested enterprises in the PRC may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, foreign-invested enterprises in the PRC are required to set aside certain amounts out of their accumulated profits each year, if any, to fund certain reserve funds. These reserves are not distributable as cash dividends.

Regulations Relating to Mergers and Acquisitions of Domestic Enterprises by Foreign Investors

In August 2006, six PRC regulatory agencies jointly adopted the M&A Rules, which became effective in September 2006 and was further amended in June 2009. The M&A Rules established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. These rules require, among other things, that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor will take control of a PRC domestic enterprise or a foreign company with substantial PRC operations, if certain thresholds under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings issued by the State Council on August 3, 2008 are triggered.

Under the FIL, where a foreign investor acquires any domestic enterprise in the PRC or participates in the concentration of business operators by other means (i.e., obtaining control over or decisive influence on other business operators by means of merger, acquisition of equity interests or assets, or contracts, etc., as defined in the PRC Anti-Monopoly Law), it is subject to review on concentration of business operators pursuant to the PRC Anti-Monopoly Law.

E. Taxation.

The following is a general summary of certain material British Virgin Islands and U.S. federal income tax considerations. The discussion is not intended to be, nor should it be construed as, legal or tax advice to any existing or prospective shareholder. The discussion is based on laws and relevant interpretations thereof in effect as of the date hereof, all of which are subject to change or different interpretations, possibly with retroactive effect. The discussion does not address United States state or local tax laws, or tax laws of jurisdictions other than the British Virgin Islands and the United States.

Taxation in British Virgin Islands Taxation

The British Virgin Islands, or BVI, does not impose a tax on dividends paid by us to holders of our ordinary or preferred shares, nor does the BVI levy any capital gains or income taxes on us.

A holder of our ordinary or preferred shares who is not a resident of the BVI is exempt from the BVI income tax on dividends paid with respect to the ordinary or preferred shares. Holders of ordinary or preferred shares are not subject to the BVI income tax on gains realized on the sale or disposition of the ordinary or preferred shares.

Our ordinary and preferred shares are not subject to transfer taxes, stamp duties or similar charges in the BVI. However, as a business company, we are required to pay the BVI government an annual license fee based on the number of shares we are authorized to issue.

There is no income tax treaty or convention currently in effect between the United States and the BVI.

Taxation in China

We are a holding company incorporated in the BVI, which indirectly holds our equity interests in our PRC operating subsidiaries. The EIT Law and its implementation rules, provide that a PRC enterprise is subject to a standard income tax rate of 25%, and China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its overseas parent, will normally be subject to PRC withholding tax at a rate of 10%, unless there are applicable treaties between the overseas parent's jurisdiction of incorporation and China to reduce such rate.

According to the Notice Regarding Interpretation and Recognition of Beneficial Owners under Tax Treaties, the term "beneficial owner" refers to a person who has the right to own and dispose of the income and the rights or properties generated from the said income. The "beneficial owner" may be an individual, a company or any other organization which is usually engaged in substantial business operations. A conduit company is not a "beneficial owner." The term "conduit company" refers to a company which is usually established for purposes of dodging or reducing taxes, and transferring or accumulating profits. Such a company is only registered in the country of domicile to satisfy the organizational form as required by law, but it does not engage in such substantial business operations as manufacturing, distribution and management.

Under the EIT Law, an enterprise established outside of China with “de facto management bodies” within China is considered a resident enterprise and will normally be subject to an EIT of 25% on its global income. The implementing rules define the term “de facto management bodies” as “an establishment that exercises, in substance, overall management and control over the production, business, personnel, accounting, etc., of a Chinese enterprise.”

It remains unclear whether the PRC tax authorities would require or permit our overseas registered entities to be treated as PRC resident enterprises. We do not currently consider our company to be a PRC resident enterprise. However, if the PRC tax authorities determine that we are a “resident enterprise” for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, we may be subject to the enterprise income tax at a rate of 25% on our worldwide taxable income as well as PRC enterprise income tax reporting obligations. In our case, this would mean that income such as interest on offering proceeds and non-China source income would be subject to PRC enterprise income tax at a rate of 25%. Second, although under the EIT Law and its implementing rules dividends paid to us from our PRC subsidiaries would qualify as “tax-exempt income,” we cannot guarantee that such dividends will not be subject to a 10% withholding tax, as the PRC foreign exchange control authorities, which enforce the withholding tax, have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC enterprise income tax purposes. Finally, it is possible that future guidance issued with respect to the new “resident enterprise” classification could result in a situation in which a 10% withholding tax is imposed on dividends we pay to our non-PRC shareholders and with respect to gains derived by our non-PRC shareholders from transferring our shares.

United States Federal Income Taxation

This discussion describes the material U.S. federal income tax consequences of the purchase, ownership and disposition of our ordinary shares. This discussion does not address any aspect of U.S. federal gift or estate tax, or the state, local or foreign tax consequences of an investment in our ordinary shares. This discussion applies to you only if you hold and beneficially own our ordinary shares as capital assets for tax purposes. This discussion does not apply to you if you are a member of a class of holders subject to special rules, such as:

- dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for securities holdings;
- banks or other financial institutions;
- insurance companies;
- tax-exempt organizations;
- partnerships and other entities treated as partnerships for U.S. federal income tax purposes or persons holding ordinary shares through any such entities;
- persons that hold ordinary shares as part of a hedge, straddle, constructive sale, conversion transaction or other integrated investment;
- U.S. Holders (as defined below) whose functional currency for tax purposes is not the U.S. dollar;
- persons liable for alternative minimum tax; or
- persons who actually or constructively own 10% or more of the total combined voting power of all classes of our shares (including ordinary shares) entitled to vote.

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, which we refer to in this discussion as the Code, its legislative history, existing and proposed regulations promulgated there under, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis. In addition, this discussion relies on our assumptions regarding the value of our shares and the nature of our business over time.

You should consult your own tax advisor concerning the particular U.S. federal income tax consequences to you of the purchase, ownership and disposition of our ordinary shares, as well as the consequences to you arising under the laws of any other taxing jurisdiction.

For purposes of the U.S. federal income tax discussion below, you are a “U.S. Holder” if you beneficially own ordinary shares and are:

- a citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation, or other entity taxable as a corporation, that was created or organized in or under the laws of the United States or any political subdivision thereof;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if (a) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) the trust has a valid election in effect to be treated as a U.S. person.

If you are not a U.S. person, please refer to the discussion below under “Non-U.S. Holders.”

For U.S. federal income tax purposes, income earned through a foreign or domestic partnership or other flow-through entity is attributed to its owners. Accordingly, if a partnership or other flow-through entity holds ordinary shares, the tax treatment of the holder will generally depend on the status of the partner or other owner and the activities of the partnership or other flow-through entity.

U.S. Holders

Dividends on ordinary shares

Subject to the “Passive Foreign Investment Company” discussion below, if we make distributions and you are a U.S. Holder, the gross amount of any distributions you receive on your ordinary shares will generally be treated as dividend income if the distributions are made from our current or accumulated earnings and profits, calculated according to U.S. federal income tax principles. Dividends will generally be subject to U.S. federal income tax as ordinary income on the day you actually or constructively receive such income. However, if you are an individual and have held your ordinary shares for a sufficient period of time, dividend distributions on our ordinary shares will generally constitute qualified dividend income taxed at a preferential rate as long as our ordinary shares continue to be readily tradable on the Nasdaq Capital Market and certain other conditions apply. You should consult your own tax adviser as to the rate of tax that will apply to you with respect to dividend distributions, if any, you receive from us.

We do not intend to calculate our earnings and profits according to U.S. tax accounting principles. Accordingly, distributions on our ordinary shares, if any, will generally be taxed to you as dividend distributions for U.S. tax purposes. Even if you are a corporation, you will not be entitled to claim a dividends-received deduction with respect to distributions you receive from us. Dividends generally will constitute foreign source passive income for U.S. foreign tax credit limitation purposes.

Sales and other dispositions of ordinary shares

Subject to the “Passive Foreign Investment Company” discussion below, when you sell or otherwise dispose of ordinary shares, you will generally recognize capital gain or loss in an amount equal to the difference between the amount realized on the sale or other disposition and your adjusted tax basis in the ordinary shares, both as determined in U.S. dollars. Your adjusted tax basis will generally equal the amount you paid for the ordinary shares. Any gain or loss you recognize will be long-term capital gain or loss if your holding period in our ordinary shares is more than one year at the time of disposition. If you are an individual, any such long-term capital gain will be taxed at preferential rates. Your ability to deduct capital losses will be subject to various limitations.

Passive Foreign Investment Company

If we were a PFIC, in any taxable year in which you hold our ordinary shares, as a U.S. Holder, you would generally be subject to adverse U.S. tax consequences, in the form of increased tax liabilities and special U.S. tax reporting requirements.

We will be classified as a PFIC in any taxable year if either: (1) the average percentage value of our gross assets during the taxable year that produce passive income or are held for the production of passive income is at least 50% of the value of our total gross assets, or (2) 75% or more of our gross income for the taxable year is passive income (such as certain dividends, interest or royalties). For purposes of the first test: (1) any cash, cash equivalents, and cash invested in short-term, interest-bearing debt instruments or bank deposits that is readily convertible into cash, will generally count as producing passive income or held for the production of passive income, and (2) the average value of our gross assets is calculated based on our market capitalization. We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the stock.

We believe that we were not a PFIC for the taxable year 2019. However, there can be no assurance that we will not be a PFIC for that taxable year and/or later taxable years, as PFIC status is re-tested each year and depends on the facts in such year. For example, we would be a PFIC for the taxable year 2019 if the sum of our average market capitalization, which is our share price multiplied by the total number of our outstanding shares, and our liabilities over that taxable year was not more than twice the value of our cash, cash equivalents, and other assets producing passive income or held for production of passive income. We could also be a PFIC for any taxable year if the gross income that we and our subsidiaries earn from passive investments is substantial in comparison with the gross income from our business operations.

If we were a PFIC, you would generally be subject to additional taxes and interest charges on certain “excess distributions” we make and on any gain realized on the disposition or deemed disposition of your ordinary shares, regardless of whether we continue to be a PFIC in the year in which you receive an “excess distribution” or dispose of or are deemed to dispose of your ordinary shares. Distributions in respect of your ordinary shares during a taxable year would generally constitute “excess distributions” if, in the aggregate, they exceed 125% of the average amount of distributions in respect of your ordinary shares over the three preceding taxable years or, if shorter, the portion of your holding period before such taxable year.

To compute the tax on “excess distributions” or any gain, (1) the “excess distribution” or the gain would be allocated ratably to each day in your holding period, (2) the amount allocated to the current year and any tax year before we became a PFIC would be taxed as ordinary income in the current year, (3) the amount allocated to other taxable years would be taxable at the highest applicable marginal rate in effect for that year, and (4) an interest charge at the rate for underpayment of taxes for any period described under (3) above would be imposed with respect to any portion of the “excess distribution” or gain that is allocated to such period. In addition, if we were a PFIC, no distribution that you receive from us would qualify for taxation at the preferential rate discussed in the “Dividends on ordinary shares” section above.

If we were a PFIC in any year, and if you are a U.S. Holder, you would be required to make an annual return on IRS Form 8621 regarding your ordinary shares. However, we do not intend to generate, or share with you, information that you might need to properly complete IRS Form 8621. You should consult with your own tax adviser regarding reporting requirements with regard to your ordinary shares.

If we were a PFIC in any year, you would generally be able to avoid the “excess distribution” rules described above by making a timely so-called “mark-to-market” election with respect to your ordinary shares provided our ordinary shares are “marketable.” Our ordinary shares will be “marketable” as long as they remain regularly traded on the Nasdaq Capital Market. If you made this election in a timely fashion, you would generally recognize as ordinary income or ordinary loss the difference between the fair market value of your ordinary shares on the first day of any taxable year and their value on the last day of that taxable year. Any ordinary income resulting from this election would generally be taxed as ordinary income rates and would not be eligible for the reduced rate of tax applicable to qualified dividend income. Any ordinary losses would be limited to the extent of the net amount of previously included income as a result of the mark-to-market election, if any. Your basis in the ordinary shares would be adjusted to reflect any such income or loss. You should consult with your own tax adviser regarding potential advantages and disadvantages to you of making a “mark-to-market” election with respect to your ordinary shares. Separately, if we were a PFIC in any year, you would be able to avoid the “excess distribution” rules by making a timely election to treat us as a so-called “Qualified Electing Fund”, or QEF. You would then generally be required to include in gross income for any taxable year (1) as ordinary income, your pro rata share of our ordinary earnings for the taxable year, and (2) as long-term capital gain, your pro rata share of our net capital gain for the taxable year. However, we do not intend to provide you with the information you would need to make or maintain a QEF election and you will, therefore, not be able to make or maintain such an election with respect to your ordinary shares.

Non-U.S. Holders

If you beneficially own ordinary shares and are not a U.S. Holder for U.S. federal income tax purposes, or a Non-U.S. Holder, you generally will not be subject to U.S. federal income tax or withholding on dividends received from us with respect to ordinary shares unless that income is considered effectively connected with your conduct of a U.S. trade or business and, if an applicable income tax treaty so requires, as a condition for you to be subject to U.S. federal income tax with respect to income from your ordinary shares, such dividends are attributable to a permanent establishment that you maintain in the United States. You generally will not be subject to U.S. federal income tax, including withholding, on any gain realized upon the sale or exchange of ordinary shares, unless:

- that gain is effectively connected with the conduct of a U.S. trade or business and, if an applicable income tax treaty so requires as a condition for you to be subject to U.S. federal income tax with respect to income from your ordinary shares, such gain is attributable to a permanent establishment that you maintain in the United States; or
- you are a nonresident alien individual and are present in the United States for at least 183 days in the taxable year of the sale or other disposition and either (1) your gain is attributable to an office or other fixed place of business that you maintain in the United States or (2) you have a tax home in the United States.

If you are engaged in a U.S. trade or business, unless an applicable tax treaty provides otherwise, the income from your ordinary shares, including dividends and the gain from the disposition of ordinary shares, that is effectively connected with the conduct of that trade or business will generally be subject to the rules applicable to U.S. Holders discussed above. In addition, if you are a corporation, you may be subject to an additional branch profits tax at a rate of 30% or any lower rate under an applicable tax treaty.

U.S. information reporting and backup withholding rules

In general, dividend payments with respect to the ordinary shares and the proceeds received on the sale or other disposition of those ordinary shares may be subject to information reporting to the IRS and to backup withholding (currently imposed at a rate of 24%). Backup withholding will not apply, however, if you (1) are a corporation or come within certain other exempt categories and, when required, can demonstrate that fact, or (2) provide a taxpayer identification number, to certify as to no loss of exemption from backup withholding and otherwise comply with the applicable backup withholding rules. To establish your status as an exempt person, you will generally be required to provide certification on the appropriate IRS Form. Any amounts withheld from payments to you under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability, provided that you furnish the required information to the IRS.

HOLDERS OF OUR ORDINARY SHARES SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES RESULTING FROM PURCHASING, HOLDING OR DISPOSING OF THE ORDINARY SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF THE TAX LAWS OF ANY STATE, LOCAL OR FOREIGN JURISDICTION AND INCLUDING ESTATE, GIFT, AND INHERITANCE LAWS.

F. Dividends and paying agents.

Not applicable.

G. Statement by experts.

Not applicable.

H. Documents on display.

We have filed this Annual Report on Form 20-F with the SEC under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Statements made in this Annual Report as to the contents of any document referred to are not necessarily complete. With respect to each such document filed as an exhibit to this Annual Report, reference is made to the exhibit for a more complete description of the matter involved, and each such statement shall be deemed qualified in its entirety by such reference.

We are subject to the informational requirements of the Exchange Act as a foreign private issuer and file reports and other information with the SEC. Reports and other information filed by us with the SEC, including this Annual Report on Form 20-F, may be inspected and copied at prescribed rates at the public reference room of the SEC at the Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Additionally, copies of this material may be obtained from the SEC's Internet site at <http://www.sec.gov>.

I. Subsidiaries information.

See Item 4. "Information on the Company, Subpart C – Organizational Structure."

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate risk

Currently, we have booked the first tranche investment from BC-TID as the long-term debt. According to the joint venture agreement was BC-TID, this debt is an interest-free loan and will be converted to the equity for the joint venture when the JV is formed. However, if we enter any new bank loans during the course of business, we might be exposed to the interest rate risk.

Our exposure to market rate risk for changes in interest rates also relates to the interest income generated by excess cash invested in short term money market accounts and certificates of deposit. We have not used derivative financial instruments in our investment portfolio. Interest earning instruments carry a degree of interest rate risk. We have not been exposed nor do we anticipate being exposed to material risks due to changes in interest rates. However, our future interest income may fall short of expectations due to changes in interest rates.

Foreign currency risk

Substantially all our revenues and expenses are denominated in Renminbi and a substantial portion of our cash is kept in Renminbi. Only a small portion of our cash is kept in U.S. dollars. Although we believe that, in general, our exposure to foreign exchange risks should be limited, the value of our shares will be affected by the foreign exchange rate between U.S. dollars and Renminbi. For example, to the extent that we need to convert U.S. dollars into Renminbi for our operational needs and the Renminbi appreciate against the U.S. dollar at that time, our financial position and the price of our shares may be adversely affected. Conversely, if we decide to convert our Renminbi into U.S. dollars for corporate purposes and the U.S. dollar appreciates against the Renminbi, the U.S. dollar equivalent of our earnings in China would be reduced.

We have recorded RMB1.7 million (US\$0.3 million) of foreign exchange loss in our net loss for the twelve months ended September 30, 2021, due to fluctuations in the currency exchange rate. The PRC government may further readjust the current rate at which Renminbi - U.S. dollar exchanges are exchanged, as well as re-evaluate its policy of using a fixed-rate regime to a basket of currencies govern foreign currency transactions, although the PRC government has not committed itself to take any such action currently. Since we have not engaged in any hedging activities, we may experience economic loss as a result of any foreign currency exchange rate fluctuations.

Inflation

The inflation rate in china averaged 4.95 % from 1986 to 2021. In October 2021, the inflation rate increased sharply to 1.5% from 0.7% the month before, due to a faster rate of increases of non-food prices. The producer price index jumped 13.5% in October 2021 from a year ago, accelerating from September 2021 rate 10.7%, according to China's National Bureau of Statistics. The Company expects inflation to affect food prices as the producer price increase pushes through to consumer prices, causing an increase. According to the China Statistical Bureau, China's overall national inflation rate, as represented by the general consumer price index, was approximately 2.9%, 2.4% and 1.07% in the fiscal years ended September 30, 2019, 2020 and 2021, respectively, but the forecast for the next several years has inflation at an annual rate of 2%. Sustained or increased inflation in China could have an adverse impact on China's economy, which could affect our operational costs and demand for our products and services. As we have not previously operated during a period of significant inflation, we cannot predict with confidence the effect that such inflation may have on our business.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not Applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not Applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

The rights of securities holders have not been materially changed during the period covered by this Annual Report.

ITEM 15. CONTROLS AND PROCEDURES

(a) *Disclosure Controls and Procedures:* As of September 30, 2021 (the "Evaluation Date"), the Company conducted an evaluation (under the supervision and participation of the Company's Chief Executive Officer and the Chief Financial Officer, which positions are filled by the same person, pursuant to Rule 13a-15 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act") of the effectiveness of the design and operation of the Company's disclosure controls and procedures. We concluded that the Company's disclosure controls and procedures as of September 30, 2021 were ineffective as management has identified a material weakness which is detailed in the accompanying Item 15(b), *Report of Origin's Management on Internal Control over Financial Reporting*.

(b) *Report of Origin's Management on Internal Control over Financial Reporting:* Origin's Board of Directors and management are responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control system is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of its published consolidated financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective may not provide or detect misstatements and can only provide reasonable assurances with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Origin's management assessed the effectiveness of the Company's internal control over financial reporting as of September 30, 2021. In making this assessment, it used the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the evaluation under these criteria, the management identified a material weakness in the Company's internal control over financial statement closing process, and as a result, management concluded that the Company's internal control over financial reporting was not effective as of September 30, 2021.

Management is aware of the following material weakness in internal control over financial reporting:

- (a) the lack of sufficient qualified financial reporting and accounting personnel with an appropriate level of expertise to properly address complex accounting issues under U.S. GAAP, and to prepare and review our consolidated financial statements and related disclosures to fulfill U.S. GAAP and Securities and Exchange Commission financial reporting requirements on a timely basis,
- (b) the lack of sufficient numbers of personnel to effectively have a separation of duties,
- (c) the lack of sufficient numbers of personnel to be able to timely gather financial and other information and prepare required reports; and
- (d) the fact that the positions of Chief Executive Officer and Chief Financial Officer are filled by the same person.

Management has plans to address these identified issues by recruiting someone to fill the CFO position and seeking to expand its accounting staff to address the issues related to internal controls over financial reporting. The existing controls and procedures will continue to be reviewed and additional steps will be taken to improve the efficiencies of the reviewed controls and procedures. There is no assurance, however, that the Company will have a full complement of accounting personnel to provide for a complete level of risk management for a public company given the restrictions on capital and the smaller size of the Company operations. Management will monitor its controls and procedures periodically to evaluate this situation and report to the registered public accounting firm to the Company about this condition.

(c) *Report of Independent Registered Public Accounting Firm*

This annual report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT.

The board of directors believes that Ms. Fei Wang, a member of our Audit Committee, meets the criteria for an "audit committee financial expert" as established by the SEC, and she is an independent director.

Ms. Wang will not be deemed an "expert" for any purpose, including, without limitation, for purposes of Section 11 of the Securities Act of 1933, as amended, as a result of being designated or identified as an audit committee financial expert. The designation or identification of Ms. Wang as an audit committee financial expert does not impose on her any duties, obligations or liability that are greater than the duties, obligations and liability imposed on her as a member of our Audit Committee and board of directors in the absence of such designation or identification. The designation or identification of Ms. Wang as an audit committee financial expert does not affect the duties, obligations or liability of any other member of our Audit Committee or board of directors, and Ms. Wang is determined to be independent director.

ITEM 16B. CODE OF ETHICS.

On January 18, 2007, our board of directors adopted a code of ethics for senior executive and financial officers, including our chief executive officer and our principal financial officer (i) to promote the honest and ethical conduct of our senior executive and financial officers, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, (ii) to promote full, fair, accurate, timely and understandable disclosure in periodic reports required to be filed with or submitted to the SEC and in other public communications by us; (iii) to promote compliance with all applicable laws, rules and regulations that apply to us and our senior executive and financial officers; (iv) to deter wrongdoing; and (v) to promote prompt internal reporting of breaches of, and accountability for adherence to, this code. A copy of the code of ethics is filed as an exhibit to this Annual Report by incorporation by reference.

On January 18, 2007, our board of directors also adopted a code of conduct for our employees, including directors and officers. The purpose of this code of conduct is to provide a summary of certain of our key policies and procedures and to help ensure lawful and ethical conduct. A copy of the code of conduct is filed as an exhibit to this Annual Report by incorporation by reference.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

(a) Audit Fees.

The aggregate fees billed for professional services rendered by BF Borgers CPA PC in connection with the audit of the consolidated financial statements for the fiscal year ended September 30, 2020, were US\$150,000 and for the fiscal year ended September 30, 2021, were US\$175,000.

(b) Audit - Related Fees.

The aggregate fees billed for professional services rendered by BF Borgers CPA PC for the performance of agreed upon procedures on the quarterly financial statements during the year ended September 30, 2020 and 2021 were RMB-nil-, and RMB-nil- (US\$-nil-), respectively.

(c) Tax Fees.

We did not enter into any engagement during the fiscal years ended September 30, 2020 or 2021 for professional services rendered by our principal accountant for tax compliance, tax advice or tax planning.

(d) All Other Fees.

No fees were billed in either of the last two fiscal years for products and services provided by our principal accountant, other than the services reported in paragraphs (a) through (b) of this Item 16C for the fiscal years ended September 30, 2020 and 2019.

(e) Audit Committee Pre-Approval Policies and Procedures.

Our Audit Committee pre-approves all auditing services and permitted non-audit services to be performed for us by our independent auditor, including the fees and terms thereof (subject to the de minimis exceptions for non-audit services described in Section 10A(i)(I) (B) of the Exchange Act that are approved by our Audit Committee prior to the completion of the audit).

(f) Not applicable.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES.

We have been granted an exemption from the applicable listing standards for the Audit Committee of our board of directors. See Item 6, Subpart C – Summary of Significant Differences in Corporate Governance Procedures for an explanation of the exemptions from the listing standards of The Nasdaq Stock Market listing standards that apply to the company as a foreign private issuer.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS.

None.

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT.

On January 3, 2020, the Audit Committee and the Board of Directors of Origin Agritech Limited (the “Company”) decided to engage BF Borgers CPA PC (“Borgers”) to replace the then independent certified public accounts of the Company, BDO China Shu Lun Pan Certified Public Accountants (“BDO”). The effective date of the end of the BDO engagement was January 2, 2020, and the commencement date of the Borgers engagement was January 3, 2020.

ITEM 16G. CORPORATE GOVERNANCE.

As a foreign private issuer (“FPI”) whose securities are listed on The Nasdaq Capital Market, we are permitted to follow certain home country corporate governance practices instead of the requirements of the Nasdaq Marketplace Rules pursuant to Rule 5615, which provides for an exemption from compliance with the Rule 5600 Series. We have provided to Nasdaq the necessary documentation to afford the Company these exemptions. See Item 6, Subpart C – Summary of Significant Differences in Corporate Governance Procedures for purposes of Rule 5615 of the Nasdaq Marketplace Rules.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have provided financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The following financial statements are filed as part of this annual report on Form 20-F.

ITEM 19. EXHIBITS

Index to Exhibits

Exhibit Number	Description
1.1	<u>Memorandum and Articles of Association of Origin Agritech Limited re-registered under the new Business Companies Act of the British Virgin Islands as of July 10, 2006 (Incorporated by reference to Exhibit 1.1 of our Annual Report 20-F (file no. 000-51576) filed with the Securities and Exchange Commission on July 14, 2006.</u>
4.1	<u>2005 Performance Equity Plan (Incorporated by reference to Annex D of the proxy statement/prospectus included in our Registration Statement S-4/A (file no. 333-124709) filed with the Securities and Exchange Commission on September 27, 2005).</u>
4.2	<u>2009 Performance Equity Plan (Incorporated by reference to Exhibit 4.1 of our Registration Statement on Form S-8 (file no. 333-166226) filed with the Securities and Exchange Commission on April 22, 2010).</u>
4.3	<u>2021 Performance Equity Plan (Incorporated by reference to Exhibit 4.1 of our Registration Statement on Form S-8 (file no. 333-256186) filed with the Securities and Exchange Commission on May 17, 2021).</u>
4.4	<u>Technical Service Agreement between Origin Biotechnology and Beijing Origin (Incorporated by reference to Exhibit 10.14 of our Registration Statement S-4/A (file no. 333-124709) filed with the Securities and Exchange Commission on August 22, 2005).</u>
4.5	<u>Technical Service Agreement between Origin Biotechnology and Henan Origin (Incorporated by reference to Exhibit 10.15 of our Registration Statement S-4/A (file no. 333-124709) filed with the Securities and Exchange Commission on August 22, 2005).</u>
4.6	<u>Form of Stock Consignment Agreement (Incorporated by reference to Exhibit 10.17 of our Registration Statement S-4/A (file no. 333-124709) filed with the Securities and Exchange Commission on August 22, 2005).</u>
4.7	<u>Technology Transfer Agreement between Henan Agriculture University and Beijing Origin (YuYu22) (Incorporated by reference to Exhibit 10.27 of our Registration Statement S-4/A (file no. 333-124709) filed with the Securities and Exchange Commission on August 22, 2005).</u>
4.8	<u>Joint Development agreement with Corn Research Institute of Li County (1st Agreement) (Incorporated by reference to Exhibit 10.28 of our Registration Statement S-4/A (file no. 333-124709) filed with the Securities and Exchange Commission on August 22, 2005).</u>
4.9	<u>Joint Development Agreement with Corn Research Institute of Li County (2nd Agreement) (Incorporated by reference to Exhibit 10.29 of our Registration Statement S-4/A (file no. 333-124709) filed with the Securities and Exchange Commission on September 16, 2005).</u>
4.10	<u>Equity Transfer Agreement between Beijing Origin and Jilin Academy of Agriculture Science dated as of December 6, 2005 (Incorporated by reference to Exhibit 4.17 of our Annual Report 20-F (file no. 000-51576) filed with the Securities and Exchange Commission on July 14, 2006).</u>
4.11	<u>Equity Transfer Agreement between Beijing Origin and China National Center for Biotechnology Development dated as of December 28, 2004 (Incorporated by reference to Exhibit 4.18 of our Annual Report 20-F (file no. 000-51576) filed with the Securities and Exchange Commission on July 14, 2006).</u>
4.12	<u>New Corn Seed Liyu 35 Joint Development Agreement between Beijing Origin and Shijiazhuang Liyu Technology Development Co., Ltd. dated as of March 30, 2006 (Incorporated by reference to Exhibit 4.20 of our Annual Report 20-F (file no. 000-51576) filed with the Securities and Exchange Commission on July 14, 2006).</u>
4.13	<u>Joint Development Agreement between Beijing Origin and Corn Research Institute of Li County dated January 31, 2002 (Incorporated by reference to Exhibit 4.21 of our Annual Report 20-F (file no. 000-51576) filed with the Securities and Exchange Commission on July 14, 2006).</u>
4.14	<u>Joint Development Agreement between Beijing Origin and Corn Research Institute of Li County dated January 9, 2003 (Incorporated by reference to Exhibit 4.22 of our Annual Report 20-F (file no. 000-51576) filed with the Securities and Exchange Commission on July 14, 2006).</u>

[Table of Contents](#)

4.15	2014 Performance Equity Plan (Incorporated by reference to Exhibit 4.16 of our Annual Report 20-F (file no. 000-51576) filed with the Securities and Exchange Commission on January 12, 2015).
4.16	Investment Agreement between the Registrant and Longhan Investment Management, Co., Ltd. (Incorporated by reference to Exhibit 4.15 of our Annual Report 20-F (file no. 000-51576) filed with the Securities and Exchange Commission on June 3, 2019).
4.16*	Description of ordinary shares.
8.1*	List of Subsidiaries
11.1	Code of Ethics (Incorporated by reference to Exhibit 11.1 of our Annual Report 20-F (file no. 000-51576) filed with the Securities and Exchange Commission on February 15, 2007).
11.2	Code of Conduct (Incorporated by reference to Exhibit 11.2 of our Annual Report 20-F (file no. 000-51576) filed with the Securities and Exchange Commission on February 15, 2007).
12.1*	CEO Certification Pursuant to Rule 13a-14(a),(17 CFR 240.13a-14(a)),(17 CFR 240.13a-14(a)) or Rule 15d-1(a),(17 CFR 240.15d-14(a)).
12.2*	CFO Certification Pursuant to Rule 13a-14(a),(17 CFR 240.13a-14(a)) or Rule 15d-1(a),(17 CFR 240.15d-14(a)).
13.1*	CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2*	CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of B F Borgers CPA PC to the incorporation of its report on the Registrant's consolidated financial statements for fiscal years ended September 30, 20209 and 2021 into Registrant's Registration Statements on Form S-8 (#333-202947, #333-166226, #333-145865 and 33-256186) and Form F-3 (333-253866).
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

*Filed herewith.

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

Date: February 4, 2022

ORIGIN AGRITECH LIMITED

/S/ Gengchen Han

Name: Gengchen Han

Title: Chief Executive Officer

ORIGIN AGRITECH LIMITED

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS	PAGE
REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMS	F-2
CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2020 AND 2021	F-4
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021	F-5
CONSOLIDATED STATEMENTS OF EQUITY FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021	F-6
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021	F-7
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	F-9

Reports of Independent Registered Public Accounting Firm

To the shareholders and the board of directors of Origin Agritech Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Origin Agritech Limited (the "Company") as of September 30, 2020 and 2021, the related consolidated statements of income (loss) and comprehensive income (loss), equity, and cash flows for each of the three years in the period ended September 30, 2021, 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 September 30, 2020 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2021, in conformity with accounting principles generally accepted in the United States.

Going concern uncertainty

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company incurred recurring losses from operations, has net current liabilities and an accumulated deficit that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. 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.

Emphasis of Matters

The Company has significant transactions and account balances with related parties, including entities controlled by the close family members of the Company's Chairman, which are described in Note 3 to the financial statements. Transactions involving related parties cannot be presumed to be carried out on an arm's length basis, as the requisite conditions of competitive, free market dealings may not exist.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue recognition in relation to fraud

As described in Note 2 to the consolidated financial statements, management applies FASB Topic 606, *Revenue from Contracts with Customers* (“ASC 606”) to recognize revenue. Management recognizes revenue upon transfer of control of promised products to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products. The Company’s revenue, inclusive of related party revenue, can be most simply divided into Government Subsidies revenues and Seed sale revenues.

The principal considerations for our determination that performing procedures over the full completion of revenue contracts and subsequent payment collections is a critical audit matter. This in turn led to significant effort in performing our audit procedures which were designed to evaluate whether the contractual terms, the timing of revenue recognition and the subsequent collections were appropriately identified and accounted for by management under ASC 606.

Our audit procedures included, among others, understanding of controls relating to management’s revenue recognition process, examining transaction related documents, confirming revenues and outstanding receivables at the balance sheet date with a sample of the customers, and testing collections subsequent to the balance sheet date.

/s/ B F Borgers CPA PC

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

Lakewood, Colorado
February 4, 2022

ORIGIN AGRITECH LIMITED
CONSOLIDATED BALANCE SHEETS
(In thousands, except number of share and per share data)

	2020	2021	2021
	RMB'000	RMB'000	US\$'000
ASSETS			
Current assets:			
Cash and cash equivalents	22,482	15,351	2,367
Restricted cash	147	14	2
Due from related parties, net of bad debt allowance (note 3)	22,305	29,179	4,499
Accounts receivable, net	3,111	260	40
Advances to suppliers	2,473	5,799	894
Inventories (note 5)	13,568	4,178	644
Other current assets	312	3,362	518
Total current assets	64,398	58,143	8,964
Asset held for sale (note 6)	5,652	—	—
Land use rights, net (note 7)	9,785	1,854	286
Plant and equipment, net (note 8)	115,451	48,684	7,507
Long-term investment (note 9)	10,353	4,596	709
Acquired intangible assets, net (note 10)	4,648	3,774	582
Operating lease right-of-use assets, net (note 11)	2,253	1,904	294
Due from related party-noncurrent (note 3)	42,246	—	—
Other assets	97	83	13
Total assets (including amounts of the consolidated VIEs without recourse to the Company of RMB144,038 and RMB52,894 as of September 30, 2020 and 2021, respectively) (note 1)	254,883	119,038	18,355
LIABILITIES AND EQUITY			
Current liabilities:			
Borrowings (note 12)	—	137,660	21,226
Accounts payable	9,597	9,170	1,414
Due to growers	6,673	6,673	1,029
Due to related parties (note 3)	26,481	30,269	4,667
Advances from customers	64,690	45,754	7,055
Income tax payable	936	908	140
Lease Liability - current	559	559	86
Other payables and accrued expenses (note 13)	68,004	55,374	8,541
Total current liabilities	176,940	286,367	44,158
Long-term borrowing (note 12)	137,660	—	—
Lease Liability - noncurrent	2,671	2,552	393
Other long-term liability (note 14)	23,074	15,717	2,423
Total liabilities (including amounts of the consolidated VIEs without recourse to the Company of RMB310,711 and RMB274,114 as of September 30, 2020 and 2021, respectively) (note 1)	340,345	304,636	46,974
Commitments and contingencies (note 23)			
Shareholders' equity (deficit):			
Common stock (no par value); 60,000,000 shares authorized, 5,466,633 and 5,708,003 shares issued as of September 30, 2020 and 2021	—	—	—
Additional paid-in capital (note 15)	514,675	539,315	83,158
Accumulated deficit	(559,104)	(650,633)	(100,323)
Treasury stock at cost 34,909 and 20,523 shares as of September 30, 2020 and 2021, respectively)	(10,356)	(6,133)	(946)
Accumulated other comprehensive loss	(22,405)	(23,221)	(3,581)
Total Origin Agritech Limited shareholders' deficit	(77,190)	(140,672)	(21,692)
Non-controlling interests	(8,272)	(44,926)	(6,927)
Total deficit	(85,462)	(185,598)	(28,619)
Total liabilities and equity	254,883	119,038	18,355

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

ORIGIN AGRITECH LIMITED
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(In thousands, except number of share and per share data)

	Year ended September 30,			
	2019	2020	2021	2021
	RMB'000	RMB'000	RMB'000	US\$'000
Revenues, including sales to related parties of RMB37,987, RMB 15,927 and RMB 10,808 for the years ended September 30, 2019, 2020, and 2021 respectively (note 3)	92,440	52,513	46,425	7,158
Cost of revenues	(105,270)	(49,000)	(33,611)	(5,183)
Gross profit(loss)	(12,830)	3,513	12,814	1,975
Operating expenses				
Selling and marketing	(4,038)	(4,820)	(5,564)	(858)
General and administrative	(27,229)	(58,069)	(73,315)	(11,305)
Research and development	(13,267)	(4,116)	(1,979)	(305)
Impairment of assets	(4,130)	(28,091)	(69,870)	(10,773)
Total operating expenses, net	(48,664)	(95,096)	(150,728)	(23,241)
Loss from operations	(61,494)	(91,583)	(137,914)	(21,266)
Interest expense, net	(4,677)	(5,796)	(8,558)	(1,320)
Impairment of long-term investment	—	(5,994)	(5,958)	(919)
Rental income (note 17)	4,611	7,643	10,603	1,635
Other non-operating income (expense),net	(3,583)	(6,687)	14,924	2,301
Loss before income taxes	(65,143)	(102,417)	(126,903)	(19,569)
Income tax (expense) (note 18)	(510)	(425)	(178)	(27)
Net loss	(65,653)	(102,842)	(127,081)	(19,596)
Less: Net income (loss) attributable to non-controlling interests	(3,533)	(17,581)	(35,552)	(5,482)
Net loss attributable to Origin Agritech Limited	(62,120)	(85,261)	(91,529)	(14,114)
Other comprehensive loss				
Net loss	(65,653)	(102,842)	(127,081)	(19,596)
Foreign currency translation difference	(1,640)	1,371	(816)	(126)
Comprehensive loss	(67,293)	(101,471)	(127,897)	(19,722)
Less: Comprehensive income (loss) attributable to non-controlling interests	(3,533)	(17,581)	(35,552)	(5,482)
Comprehensive loss attributable to Origin Agritech Limited	(63,760)	(83,890)	(92,345)	(14,240)
Basic and diluted net loss per share attributable to Origin Agritech Limited (note 19)	(14.85)	(16.95)	(16.29)	(2.51)
Shares used in calculating basic and diluted net loss per share*	4,184,032	5,029,017	5,617,424	5,617,424

* Retrospectively restated for effect of reverse stock split

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

ORIGIN AGRITECH LIMITED
CONSOLIDATED STATEMENTS OF EQUITY
(In thousands, except number of share and per share data)

	Equity attributable to Origin Agritech Limited						Total Equity
	Common stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Non- controlling Interests	
	Shares*	RMB	RMB	RMB	RMB	RMB	
Balance as of September 30, 2018	3,196,244	428,311	(411,723)	(22,136)	(19,163)	1,363	(23,348)
Net loss for the year	—	—	(62,120)	—	—	(3,533)	(65,653)
Capital Contribution	—	—	—	—	—	9,379	9,379
Share-based compensation expense	207,800	12,188	—	—	—	—	12,188
Issuance of common shares	1,397,680	53,599	—	—	—	—	53,599
Translation adjustments	—	—	—	(1,640)	—	—	(1,640)
Balance as of September 30, 2019	4,801,724	494,098	(473,843)	(23,776)	(19,163)	7,209	(15,475)
Net loss for the year	—	—	(85,261)	—	—	(17,581)	(102,842)
Capital Contribution	—	—	—	—	—	2,100	2,100
Share-based compensation expense	350,000	4,354	—	—	8,807	—	13,161
Issuance of common shares	280,000	16,223	—	—	—	—	16,223
Translation adjustments	—	—	—	1,371	—	—	1,371
Balance as of September 30, 2020	5,431,724	514,675	(559,104)	(22,405)	(10,356)	(8,272)	(85,462)
Net loss for the year	—	—	(91,529)	—	—	(35,552)	(127,081)
Exercise of share option	21,930	745	—	—	—	—	745
Share-based compensation expense	—	6,729	—	—	4,223	—	10,952
Business disposal	—	—	—	—	—	(1,102)	(1,102)
Issuance of common shares	319,440	17,166	—	—	—	—	17,166
Translation adjustments	—	—	—	(816)	—	—	(816)
Balance as of September 30, 2021	5,773,094	539,315	(650,633)	(23,221)	(6,133)	(44,926)	(185,598)
In US\$ @ RMB 6.4854 per US\$1.00	—	83,158	(100,323)	(3,581)	(946)	(6,927)	(28,619)

* Retrospectively restated for effect of reverse stock split

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

ORIGIN AGRITECH LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year ended September 30,			
	2019 RMB	2020 RMB	2021 RMB	2021 US\$
Operating activities:				
Net loss	(65,653)	(102,842)	(127,081)	(19,596)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	13,796	10,612	8,279	1,277
(Gain)/loss on disposal of plant and equipment	914	418	(3,642)	(562)
Gain on disposal of land use right	—	—	(6,426)	(991)
Loss (gain) on termination of business disposal	—	(178)	(106)	(16)
Allowance for doubtful account	—	189	401	62
Allowance for due from related parties	—	28,340	3,789	584
Allowance for due from related party-noncurrent	—	—	40,540	6,251
Recovery on receivables	—	—	(189)	(29)
Impairment on intangible assets	—	—	87	13
Impairment on long-term equity investment	—	5,994	5,957	919
Impairment on land use rights	2,704	—	7,600	1,172
Impairment on plant and equipment	4,213	24,012	60,652	9,352
Impairment on right of use assets	—	1,375	—	—
Inventory write off	5,973	8,104	7,976	1,230
Non-cash interest expense (interest accretion)	—	—	—	—
Share-based compensation expense	12,188	13,161	10,952	1,688
Changes in operating assets and liabilities:	—	—	—	—
Accounts receivable	(1,481)	(1,828)	3,040	469
Due from related parties	101,216	(16,755)	(10,663)	(1,644)
Advances to suppliers	650	(1,935)	(4,616)	(712)
Inventories	47,447	6,855	1,414	218
Other current assets	(1,341)	1,276	(2,178)	(336)
Operating lease right-of-use assets, net	—	(3,879)	—	—
Other assets	(1,191)	2,296	14	2
Accounts payable	1,768	(87)	(427)	(66)
Due to growers	(724)	(566)	—	—
Due to related parties	(251,099)	(4,698)	1,588	245
Advances from customers	38,675	12,446	(18,847)	(2,907)
Income tax payable	656	280	(28)	(4)
Lease liabilities	—	3,230	(119)	(18)
Other long-term liabilities	7,507	(5,711)	(7,357)	(1,134)
Other payables and accrued expenses	26,356	11,572	4,313	665
Net cash used in operating activities	(60,130)	(5,615)	(25,077)	(3,868)

ORIGIN AGRITECH LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended September 30,			
	2019 RMB	2020 RMB	2021 RMB	2021 US\$
Investing activities:				
Purchase of plant and equipment	—	—	(715)	(110)
Proceeds from disposal of plant and equipment and land use right	—	3	(1,000)	(154)
Due from related party-noncurrent	—	(42,246)	1,706	263
Cash from termination of second closing of disposal of commercial seed business (note 4)	—	—	(1,200)	(185)
Net cash used in investing activities	—	(42,243)	(1,209)	(186)
Financing activities:				
Repayment from due to related parties	—	(11,454)	2,200	339
Proceeds from exercise of stock options	—	—	472	73
Proceeds from issuance of common stock	53,599	16,223	17,166	2,647
Proceeds from non-controlling interest capital contribution	9,379	2,100	—	—
Repayment of short-term borrowings	—	—	—	—
Proceeds from long-term borrowings	—	137,660	—	—
Repayment of long-term borrowings	—	(78,611)	—	—
Net cash provided by financing activities	62,978	65,918	19,838	3,059
Net increase(decrease) in cash and cash equivalents	2,848	18,060	(6,448)	(995)
Cash and cash equivalents, beginning of year	1,990	3,198	22,482	3,467
Effect of exchange rate changes on cash and cash equivalents	(1,640)	1,371	(816)	(126)
Restricted cash	—	(147)	133	21
Cash and cash equivalents, end of the year	3,198	22,482	15,351	2,367
Supplemental disclosures of cash flow information:				
Income taxes paid	—	—	—	—
Interest paid	4,680	366	—	—
Supplemental disclosure of non-cash financing activities:				
Sale of equipment in repayment of due to related parties	5,600	—	—	—

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

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Origin Agritech Limited (“Agritech”), incorporated under the laws of the British Virgin Islands, and its subsidiaries and variable interest entities are referred to in this report as “we”, “us”, “our”, or “the Company”. We are principally engaged in hybrid crop seed development, production and distribution business.

As of September 30, 2021, the Company’s subsidiaries and variable interest entities included in continuing operations consisted of the following:

Name	Date of Incorporation or Establishment	Place of Incorporation or Establishment	Percentage of Ownership	Principal Activity
Subsidiaries:				
State Harvest Holdings Limited (“State Harvest”)	October 6, 2004	British Virgin Islands	100 %	Investment Holding
Beijing Origin State Harvest Biotechnology Limited (“BioTech”)	December 1, 2004	People’s Republic of China (“PRC”)	100 %	Hybrid seed technology development
Variable interest entity:				
Beijing Origin Seed Limited (note (i)) (“Beijing Origin”)	December 26, 1997	PRC	Note (i)	Hybrid crop seed development, production and distribution
Subsidiaries held by Beijing Origin:				
Xinjiang Originbo Seed Company Limited (note (i)) (“Xinjiang Origin”)	July 13, 2011	PRC	51 %	Hybrid crop seed development, production and distribution
Subsidiaries held by State Harvest:				
Shandong AoruiXinong Agricultural Technology Limited (Shandong AoruiXinong)	September 27, 2019	PRC	51 %	Agricultural seed products distribution through e-commerce network
Hubei Aoyu Zhongye Limited (Hubei Aoyu)	October 22, 2018	PRC	51 %	Agricultural seed products distribution through e-commerce network
Anhui Aoyu Zhongye Limited (Anhui Aoyu)	July 25, 2018	PRC	50 %	Agricultural seed products distribution through e-commerce network
Xuzhou Aoyu Zhongye Limited (Xuzhou Aoyu)	September 25, 2018	PRC	51 %	Agricultural seed products distribution through e-commerce network
Henan Aoyu Zhongye Limited (note (i)) (“Henan Aoyu”)	July 16, 2018	PRC	51 %	Agricultural seed products distribution through e-commerce network

Note (i): Beijing Origin Seed Limited, Xinjiang Originbo Seed Company Limited, and Zhengzhou Branch of Beijing Origin Seed Limited are collectively referred to as “Beijing Origin”.

Reorganization of State Harvest prior to the share exchange transaction with Chardan China Acquisition Corp. (“Chardan”)

On December 1, 2004, State Harvest established BioTech, a wholly-owned foreign enterprise (“WFOE”) under the laws of the PRC with an operating period of 20 years.

Under PRC law, foreign entities are not currently permitted to own more than 49% of a seed production company. In order to address those restrictions, State Harvest conducts substantially all of its business through contractual agreements with its variable interest entity (“VIE”), Beijing Origin. These agreements are summarized in the following paragraphs.

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

Stock Consignment Agreements

Under Chinese law, foreign ownership of businesses engaged in the breeding of new varieties, development, production, marketing, distribution and sale of hybrid food crop seeds is limited to 49% pursuant to the Regulation on the Approval and Registration of Foreign Investment Enterprises in Agricultural Seed Industry and The Foreign Investment Industrial Guidance Catalogue. State Harvest, as a non-Chinese corporation, may not directly own more than 49% of any of the PRC Operating Companies. However, Chinese law does not forbid the owner of stock to consign rights associated with the stock, as long as the owner does not transfer title to the stock. To gain control over the PRC Operating Companies, State Harvest entered into a series of stock consignment agreements with shareholders of those companies.

State Harvest has been assigned 97.96% voting rights by the shareholders of Beijing Origin through a consignment agreement which includes the following terms: (1) The shares of Beijing Origin cannot be transferred without the approval of State Harvest; (2) State Harvest has the right to appoint all directors and senior management personnel of Beijing Origin and (3) The shareholder rights including voting rights require the transfer of the shares of Beijing Origin to State Harvest or any party designated by State Harvest within three years upon the removal of the PRC legal restriction.

Technical Service Agreements

Beijing Origin entered into Technical Service Agreements with BioTech dated December 25, 2004. Under these agreements, BioTech shall provide, with its own technical research resource and team, technical services for the production and distribution of agricultural seeds during the period of the agreements. In return, Beijing Origin is required to pay BioTech a service fee calculated according to the weight of corn, rice and cotton seeds sold by the Beijing Origin.

Through the contractual agreements described above, State Harvest is deemed the sole beneficiary of Beijing Origin resulting in Beijing Origin being deemed a subsidiary of State Harvest under the requirements of Financial Accounting Standards Board (“FASB”) Accounting Standard Codification (“ASC”) 810-10-05. The agreements described above provided for effective control of Beijing Origin to be transferred to State Harvest at December 25, 2004. Neither State Harvest nor BioTech had any operating activity prior to entering into the consignment agreements with Beijing Origin. In substance, State Harvest has substantially all the same shareholders of Beijing Origin. This transaction has been accounted for on a basis similar to reorganization between entities under common control. Accordingly, State Harvest’s consolidated financial statements are prepared by including the consolidated financial statements of Beijing Origin through December 24, 2004, and subsequently the Company’s consolidated financial statements include the financial statements of State Harvest, its majority owned subsidiary and Beijing Origin through the date of the Share Exchange Transaction.

Risks in relation to the VIE structure

Two of our PRC operating subsidiaries are controlled subsidiaries through stock consignment agreements rather than by direct ownership of shares, the terms of which may have to be enforced, which would require us to incur extra costs, create uncertainty as to ownership of the operating businesses involved and risk the possible loss of rights. There is the risk, however, that a consigning shareholder will not fulfill its obligations under the stock consignment agreement. In that event, we may need to resort to the PRC courts to have our rights under the applicable agreement enforced. Such enforcement will cause us to incur legal expenses. In addition, while a case is pending there will be uncertainty regarding our rights as to the three PRC operating subsidiaries involved. In addition, a PRC court may decide not to enforce the agreements in whole or in part. To the extent these agreements are neither observed nor enforced as intended, the PRC operating subsidiaries will not be controlled by us as intended, which will affect our enterprise value and restrict our ability to obtain the income and other rights of ownership associated with the consigned stock. It may also prevent the consolidation of our financial statements with the PRC operating subsidiaries, which would reduce the reported earnings of the consolidated companies. The uncertainty of ownership may also adversely affect the market value of our ordinary shares.

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

Whether or not a stock consignment agreement is terminated depends on the consensus of our Board and the consignees. Any such termination could result in a possible loss of certain rights or assets held by us without receiving fair value in return. The stock consignment agreements relating to our control of the stock of our PRC operating subsidiaries may be terminated after three years upon mutual agreement between us and the consignees. Holding this amount of stock will allow these officers to control or greatly influence the selection of directors and matters submitted to a vote of our shareholders, including voting to terminate the stock consignment agreements.

There are corporate protections in place designed to protect our interests, such as an independent Board of Directors, an audit committee comprised of independent directors that must approve insider transactions, a code of conduct requiring fair dealing with the Company, and the British Virgin Islands statutory provision that a disposition of more than 50% of the assets of a company must be approved by a majority of the shareholders. Moreover, if consigned stock is transferred to us as provided in the stock consignment agreements when the restrictions under PRC law are lifted, that stock will no longer be subject to the stock consignment agreements, and the termination of the stock consignment agreements would then have no effect on the ownership of that stock. However, if the stock consignment agreements are terminated, then we would lose our rights with respect to the consigned stock and the profits from the issuing corporation. Such a loss would impair the value of the Company and would reduce our ability to generate revenues.

The Company has aggregated the financial information of Beijing Origin and its subsidiaries in the table below. The aggregated carrying amount of assets and liabilities of Beijing Origin and its subsidiaries after elimination of intercompany transactions and balances consolidated in the Company's consolidated balance sheets as of September 30, 2020 and 2021 are as follows:

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

Risks in relation to the VIE structure (Beijing Origin Consolidated Balance Sheet)

	September 30,		
	2020 RMB	2021 RMB	2021 US\$
ASSETS			
Current Assets			
Cash and cash equivalents	206	305	47
Restricted cash	—	—	—
Due from related party	—	—	—
Accounts receivable	1,099	11	2
Advances to suppliers	377	260	40
Inventories	10,118	1,052	162
Other current assets	1,279	730	113
Total current assets	13,079	2,358	364
Land use rights, net	9,785	1,854	286
Plant and equipment, net	115,338	48,599	7,494
Equity investments	—	—	—
Acquired intangible assets, net	87	—	—
Other assets	5,749	83	13
Total assets	144,038	52,894	8,157
LIABILITIES			
Current liabilities			
Current portion of long-term borrowings	—	137,660	21,226
Accounts payable	9,533	9,107	1,404
Due to growers	6,673	6,673	1,029
Due to related parties	20,217	30,665	4,728
Advances from customers	52,535	22,772	3,511
Other payables and accrued expenses	61,019	51,520	7,944
Total current liabilities	149,977	258,397	39,842
Long-term borrowings	137,660	—	—
Other long-term liability	23,074	15,717	2,423
Total liabilities	310,711	274,114	42,265

As of September 30, 2020 and 2021, consolidated assets of RMB144,038 and RMB52,894, respectively, are collateral for the VIE's obligations and may not be used to settle the liabilities of the Parent Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"); include the assets, liabilities, revenues, expenses and cash flows of all subsidiaries and variable interest entities. Intercompany balances, transactions and cash flows are eliminated on consolidation.

Liquidity and Going Concern

The Company incurred net losses of RMB127,081 in the year ended September 30, 2021, respectively. Working capital deficit was RMB228,224 as of September 30, 2021, respectively. Accumulated deficit was RMB650,633 as of September 30, 2021, respectively. These factors raise substantial doubts about the Company's ability to continue as a going concern.

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

On May 17, 2019, the Company entered into a Cooperation Framework Agreement with Beijing Changping Technology Innodevelop Group (BC-TID), an entity owned by the government of Changping District of Beijing City. Under this agreement, BC-TID and the Company planned to have a joint venture entity, which is 51% and 49% owned by BC-TID and the Company, respectively. Both parties decided to use Beijing Origin as the joint venture entity. Based on the agreement, Beijing Origin would contribute the headquarters building in Beijing and certain of its seed technology assets related to genetically modified seeds to the joint venture entity. The Company would transfer out all of Beijing Origin's other assets. BC-TID would fund the joint venture by injecting into Beijing Origin a total of RMB204 million in cash. Also agreed under this agreement, Beijing Origin would pay off the bank loan of RMB78 million, which is collateralized by the Company's headquarters building in Beijing, upon receiving the RMB204 million investment from BC-TID.

Since the Cooperation Framework Agreement was signed, both parties have been actively involved to complete the formation of joint venture. However, the process has taken longer than originally expected mainly due to the complicated tax related issues with Beijing Origin's headquarters building and the government approval process. As of January 16, 2022, BC-TID has injected into Beijing Origin a total of RMB137.7 million (\$20.2 million) as a loan to Beijing Origin based on the agreement. Currently, the agreement is being finally approved the government officials. The cash amount received by Beijing Origin was used to repay the bank loan collateralized by the headquarters building and provide working capital. According to the agreement, RMB137.7 million cash currently booked as current portion of long-term debt, due in April, 2022, is an interest-free loan and will be converted to the equity for the joint venture when the JV is formed. Also according to the agreement, the Company leases the headquarters building to BC-TID.

There are new hybrids completed variety trails and will be in the market this season. Furthermore nutrition enhanced corn will be produced for animal feed which will greatly increase the revenue.

Besides the aforementioned cash inflows, the Company is also seeking funds from other resources including but not limited to licensing its core seed traits to its customers, applying for more government grants for research and development activities, pursuing other capital investment from investors and selling certain company assets. The Company consistently reviews its working capital requirements.

Despite the Company's effort to obtain additional funding and reduce operating costs, there is no assurance that the Company's plans and actions will be successful. In addition, there can be no assurance that in the event additional sources of funds are needed they will be available on acceptable terms, if at all. The accompanying financial statements do not include any adjustments that might be necessary should we be unable to continue as a going concern.

Convenience translation into United States dollars

The consolidated financial statements are reported in Renminbi. The translation of Renminbi amounts into United States dollar amounts has been made for the convenience of the reader and has been made at the exchange rate quoted by the middle rate by the State Administration of Foreign Exchange in China on September 30, 2021 of RMB 6.4854 to US \$1.00. Such translation amounts should not be construed as representations that the Renminbi amounts could be readily converted into United States dollar amounts at that rate or any other rate.

Use of estimates

The preparation of the consolidated financial statements in conformity with US GAAP 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 reported amounts of revenues and expenses during the reporting period. Estimates are adjusted to reflect actual experience when necessary. Significant accounting estimates reflected in the Company's consolidated financial statements include inventory valuation, collectability evaluation of accounts receivables and due from related parties, useful lives of plant and equipment and acquired intangible assets, the valuation allowance for deferred income tax assets, valuation of long-lived assets and share-based compensation expense. Actual results could differ from those estimates.

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash accounts, interest bearing savings accounts, time certificates of deposit and debt securities with a maturities of three months or less when purchased.

Inventories

Inventories are stated at the lower of cost, determined by weighted-average method, or net realizable value. Work-in-progress and finished goods inventories consist of raw materials, direct labor and overhead associated with the manufacturing process. Parent seed represents the seeds that are used for research and development activities.

The Company periodically performs an analysis of inventory to determine obsolete or slow-moving inventory and determine if its cost exceeds the estimated market value. Write down of potentially obsolete or slow-moving inventory are recorded based on management's analysis of inventory levels.

Land use rights, net

Land use rights are recorded at cost less accumulated amortization. Amortization is provided over the term of the land use right agreements on a straight-line basis for the beneficial period, which is 50 years.

Plant and equipment, net

Plant and equipment are recorded at cost less accumulated depreciation and amortization. Maintenance and repairs are charged to expense as incurred. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Plant and building	20-40 years
Machinery and equipment	10-15 years
Furniture and office equipment	5-8 years
Motor vehicles	5-10 years
Leasehold improvements	Shorter of the useful lives or the lease term

The Company constructs certain of its facilities. In addition to costs under construction contracts, external costs directly related to the construction of such facilities, including duty and tariff, and equipment installation and shipping costs, are capitalized. Depreciation is recorded at the time assets are placed in service.

Acquired intangible assets, net

Acquired intangible assets primarily consist of purchased technology rights and distribution network and are stated at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful lives of these assets and recorded in operating expenses. Amortization is calculated on a straight-line basis over the following estimated useful lives for the main acquired intangible assets:

Technology rights for licensed seeds	3-20 years
Distribution network	6-14 years
Trademark	Indefinite

Trademarks, which have indefinite lives are not amortized but are reviewed for impairment at least annually, at year end date, or earlier upon the occurrence of certain triggering events. The Company has performed an impairment analysis on the acquired intangible assets in Beijing Origin and recorded no impairment provision during the year ended September 30, 2021.

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

Leases

The Company leases certain office space and equipment from third-parties. Leases with an initial term of 12 months or less are not recorded on the balance sheet and lease expense is recognized on a straight-line basis over the lease term. For leases beginning in 2019 and later, at the inception of a contract management assesses whether the contract is, or contains, a lease. The assessment is based on: (1) whether the contract involves the use of a distinct identified asset, (2) whether the right to substantially all the economic benefit from the use of the asset throughout the period is obtained, and (3) whether the Company has the right to direct the use of the asset. At the inception of a lease, management allocates the consideration in the contract to each lease component based on its relative stand-alone price to determine the lease payments. The Company accounts for lease components (e.g., fixed payments including rent, real estate taxes and insurance costs) separately from the nonlease components (e.g., common-area maintenance costs).

Most leases include one or more options to renew, with renewal terms that can extend the lease term from one year or more. The exercise of lease renewal options is at the Company's sole discretion. Renewal periods are included in the lease term only when renewal is reasonably certain, which is a high threshold and requires management to apply judgment to determine the appropriate lease term. The Company's leases do not include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term. Certain lease agreements include rental payments adjusted periodically for inflation. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. All of the Company's leases are classified as operating leases. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less. The effect of short-term leases and initial direct costs on our right-of-use asset and lease liability was not material.

ASC 842 requires the Company to make certain assumptions and judgments in applying the guidance, including determining whether an arrangement includes a lease, determining the term of a lease when the contract has renewal or cancellation provisions, and determining the discount rate.

As the rate implicit in the lease is not usually available, the Company used an incremental borrowing rate based on the information available at the adoption date of ASC 842 in determining the present value of lease payments for existing leases. The Company will use information available at the lease commencement date to determine the discount rate for any new leases.

The Company leases certain office space to third-parties. An operating lease is neither a sale nor financing of an asset. The Company keeps the asset underlying the lease on its balance sheet and continue to depreciate the asset based on its estimated useful life. Rental revenue should be recognized on a straight-line basis (or another systematic basis if that basis is more representative of the pattern in which income is earned from the underlying asset over the term of the respective lease). A lessor should record an unbilled rent receivable, which is the amount by which straight-line rental revenue exceeds rents currently billed in accordance with the lease.

Long-term investments

We utilize the measurement alternative for equity investments that do not have readily determinable fair values and measure these investments at cost less impairment plus or minus observable price changes in orderly transactions for an identical or similar investment of the same issuer.

We classify our investments as non-current assets on the consolidated balance sheets as those investments do not have stated contractual maturity dates.

We periodically review our equity investments for impairment. We consider impairment indicators such as negative changes in industry and market conditions, financial performance, business prospects, and other relevant events and factors. If indicators exist and the fair value of the security is below the carrying amount, we write down the security to fair value.

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

Valuation of long-lived asset

The Company reviews the carrying value of long-lived assets to be held and used, including other intangible assets subject to amortization, when events and circumstances warrants such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset and intangible assets. Fair market value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets and intangible assets to be disposed are determined in a similar manner, except that fair market values are reduced for the cost to dispose. Impairment of RMB26,716 and RMB68,339 were recorded during the years ended September 30, 2020 and 2021, respectively.

Revenue recognition

The Company derives most of its revenue from hybrid corn seed.

The Company adopted ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," and the associated ASUs (collectively, "Topic 606").

The Company recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for the arrangements that the Company determines are within the scope of Topic 606, the Company performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

The majority of the Company's customer contracts, which may be in the form of purchase orders, contracts or purchase agreements, contain performance obligations for delivery of agreed upon goods. Delivery of all performance obligations contained within a contract with a customer typically occurs at the same time. The Company also makes accounting policy elections to 1) treat shipping and handling activities that occur after the customer obtains control of the goods as fulfillment costs and 2) exclude sales (and similar) taxes from the measurement of the transaction price.

Government subsidies

A government subsidy is not recognized until there is reasonable assurance that: (a) the enterprise will comply with the conditions attached to the grant; and (b) the grant will be received.

When the Company received the government subsidies but the conditions attached to the grants have not been fulfilled, such government subsidies are deferred and recorded under other payables and accrued expenses, and other long-term liability. The reclassification of short-term or long-term liabilities is depended on the management's expectation of when the conditions attached to the grant can be fulfilled.

The Company received several financial supports from various levels of the Chinese government. At fiscal years ended 2020 and 2021, the Company had received government subsidies of RMB629 and RMB5,075, respectively for research and development and other expenses of the Company. Government subsidies recognized as the non-operating income (expense) or reduction of research and development in the statement of income for the years ended September 30, 2019, 2020 and 2021, were RMB-nil-, RMB4,761 and RMB13,285, respectively.

Cost of revenues

Cost of revenues consists of expenses directly related to sales, including the purchase prices and development costs for seeds and, agricultural chemical products, depreciation and amortization, impairment of inventory, shipping and handling costs, salary and compensation, supplies, and license fees.

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

Research and development costs

Research and development costs relating to the development of new products and processes, including significant improvements and refinements to existing products, are expensed as incurred.

Advertising costs

Advertising costs are expensed when incurred and included in selling and marketing expenses. For the years ended September 30, 2019, 2020 and 2021, advertising costs were RMB589, RMB-nil- and RMB-nil-, respectively.

Borrowing cost

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalized as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalized. All other borrowing costs are recognized in interest expenses in the statement of income and comprehensive income in the period in which they are incurred.

Allowance for doubtful account

The Company regularly monitors and assesses the risk of not collecting amounts owed to the Company by customers. This evaluation is based upon a variety of factors including: an analysis of amounts current and past due along with relevant history and facts particular to the customer. Based on the result of this analysis, the Company records an allowance for doubtful accounts of RMB-nil-, RMB189 and RMB 401 for the years ended September 30, 2019, 2020, and 2021, respectively.

Income taxes

Deferred income taxes are recognized for the future tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements, net of operating loss carry forwards and credits. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant tax authorities.

The Company adopted FASB ASC 740-10. The Company's policy on classification of all interest and penalties related to unrecognized tax benefits, if any, as a component of income tax provisions.

Foreign currency translation

The functional currency of the Company excluding Agritech (Parent) and State Harvest is Renminbi. Monetary assets and liabilities denominated in currencies other than Renminbi are translated into Renminbi at the rates of exchange ruling at the balance sheet date. Transactions in currencies other than Renminbi are converted into Renminbi at the applicable rates of exchange prevailing the transactions occurred. Transaction gains and losses are recognized in the consolidated statements of income (loss) and comprehensive income (loss).

The functional currency of Agritech (Parent) and State Harvest are maintained in United State dollars. Assets and liabilities are translated at the exchange rates at the balance sheet date, equity accounts are translated at historical exchange rates and revenues, expenses, gains and losses are translated using the average rate for the period. Translation adjustments are reported as cumulative translation adjustments and are shown as a separate component of other comprehensive (loss)/income. The Company has chosen Renminbi as its reporting currency.

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

Comprehensive income (loss)

Comprehensive income (loss) is defined to include all changes in equity except those resulting from investments by owners and distributions to owners. Comprehensive income (loss) for the years has been disclosed within the consolidated statements of income and comprehensive income for presentational purpose of the disclosure of comprehensive income (loss) attributable to Agritech and the non-controlling interests respectively.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the years. Diluted earnings (loss) per share gives effect to all dilutive potential common shares outstanding during the years. The weighted average number of common shares outstanding is adjusted to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued. In computing the dilutive effect of potential common shares, the average stock price for the period is used in determining the number of treasury shares assumed to be purchased with the proceeds from the exercise of options.

Share-based compensation

ASC 718-10 requires that share-based payment transactions with employees and nonemployees, such as share options, be measured based on the grant-date fair value of the equity instrument issued and recognized as compensation expense over the requisite service period, with a corresponding addition to equity. Under this method, compensation cost related to employee share options or similar equity instruments is measured at the grant date based on the fair value of the award and is recognized over the period during which an employee is required to provide service in exchange for the award, which generally is the vesting period.

Fair value measurement

The Company adopted FASB ASC 820-10, and which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. ASC 820-10 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information.

ASC 820-10 establishes a three-level valuation hierarchy of valuation techniques based on observable and unobservable inputs, which may be used to measure fair value and include the following:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Classification within the hierarchy is determined based on the lowest level of input that is significant to the fair value measurement.

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

Recently issued accounting pronouncements

- In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. Financial Instruments—Credit Losses (Topic 326) amends guideline on reporting credit losses for assets held at amortized cost basis and available-for-sale debt securities. For assets held at amortized cost basis, Topic 326 eliminates the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. For available-for-sale debt securities, credit losses should be measured in a manner similar to current GAAP, however Topic 326 will require that credit losses be presented as an allowance rather than as a write-down. ASU No. 2016-13 affects entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The amendments in this ASU will be effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company is currently evaluating the impact of the adoption of ASU No. 2016-13 on its consolidated financial statements.

The Company believes that other recent accounting pronouncement updates will not have a material effect on the Company's consolidated financial statements.

3. RELATED PARTY BALANCES AND TRANSACTIONS

(1) Related party relationships

<u>Name of related parties</u>	<u>Relationship</u>
Beijing Shihui(i)	Being owned by close family members of the Company's Chairman
Xinjiang Ginbo Seeds Center	Being the non-controlling interest of Xinjiang Origin
Henan Agricultural University	Being the non-controlling interest of Beijing Origin
Linze Origin Seeds Ltd.(i)	Being owned by close family members of the Company's Chairman
De Nong Zheng Cheng Seed Limited	Being owned by close family members of the Company's Chairman
Henan Yingde Agricultural Ltd.	Being owned by close family members of the Company's Chairman
Beijing Liantaide Biotechnology Co., Ltd.	Being owned by close family members of the Company's Chairman
Non-controlling shareholders ("NCI")	Non- controlling shareholders of Hubei Aoyu, Anhui Aoyu, Xuzhou Aoyu, Shandong Aoyu, Henan Aoyu, Shandong Aoruixinong

(i) Other than typical transactions between related parties, the Company has entered into a Restructuring Agreement with three parties: Linze Fumin Industrial Investment and Development Co., Ltd. (Linze Fumin), Beijing Shihui, Linze Origin Seeds Ltd (Linze Origin) in April 2020. According to the Restructuring Agreement, Linze Origin, which is currently a wholly owned subsidiary of Beijing Shihui, would be restructured. At the result of the planned restructuring, Linze Fumin, an investment company owned by the Linze county government, and the Company would have 51% and 49%, respectively, of the ownership of Linze Origin. The restructuring would require the Company to repay the borrowing amounted to RMB27.0 million from Beijing Agriculture Finance Leasing, LLC. ("BAFL") for Linze Origin and to offer a loan of RMB20.0 million to Linze Origin. As of February 10, 2022, the restructuring for Linze Origin is in process.

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

(1) Due from related parties, net of bad debt allowance

	September 30,	
	2020 RMB	2021 RMB
Denong	1	1
Linze Origin Seeds Ltd	45	45
Beijing Shihui	28,340	32,128
NCI	12,423	15,848
Henan Yingde Agricultural Ltd.	8,904	8,684
Beijing Liantaide	—	4,600
The Close family of the Company's Chairman	932	1
Total	50,645	61,307
Allowance for doubtful account	28,340	32,128
Due from related parties, net	22,305	29,179

(2) Due from related party-noncurrent

As of September 30, 2020, the balance of due from related party-noncurrent of RMB 42,246 represents the receivable from Linze Origin Seeds Ltd. This balance is presented as noncurrent according to the Restructuring Agreement disclosed in Note 3(1)(i). The Company incurred allowance of due from related party-noncurrent of RMB–nil- and RMB40,540 for the year ended September 30, 2020 and 2021, respectively.

(3) Due to related parties

	September 30,	
	2020 RMB	2021 RMB
Linze Origin Seeds Limited	300	300
Henan Agriculture University	1,000	1,000
Xinjiang Ginbo Seeds Center (i) (ii)	54	54
Xinjiang Production And Construction Corps 5th Division State-owned Assets Management Co.,Ltd. (ii)	10,000	10,000
Companies controlled by the Company's directors (ii)	1,633	1,556
NCI	10,176	11,348
The Company's Chairman (ii)	1,704	1,020
Close family of the Company's Chairman (ii)	680	3,641
YingDe	934	1,350
	26,481	30,269

Note (i): Xinjiang Origin has received a cash advance of RMB10,000 from Xinjiang Ginbo Seeds Center during the year ended September 30, 2016, which is unsecured, interest-free and repayable on demand, and has been transferred to Xinjiang Production And Construction Corps 5th Division State-owned Assets Management Co.,Ltd. for the years ended September 30, 2020.

Note (ii): In the ordinary course of business, the Company purchases raw materials from and sells product to related parties, and related parties also provide cash to fund the Company's operations.

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

(3) Transactions with related parties

(a) *Sales to*

	Year ended September 30,		
	2019 RMB	2020 RMB	2021 RMB
Linze Origin Seeds Limited	83	—	—
Beijing Shihui	20,823	—	1,706
YingDe	—	5,315	3,134
NCI	17,081	10,612	5,967
Zhengzhou Branch	—	—	—
	<u>37,987</u>	<u>15,927</u>	<u>10,808</u>

(b) *Purchase from*

	Year ended September 30,		
	2019 RMB	2020 RMB	2021 RMB
Denong	—	166	—
YingDe	—	10,975	11,700
Linze Origin Seeds Limited	—	3,416	4,706
Beijing Shihui	—	—	360
Close family of the Company's Chairman	—	32	333
NCI	—	2,861	2,227
	<u>—</u>	<u>17,450</u>	<u>19,326</u>

4. DISCONTINUED OPERATIONS

On September 26, 2016, the Company entered into a Master Agreement with Beijing Shihui, under which the Buyer agreed to purchase the corn seed production and distribution assets, the office building in Beijing, China, and generally the business of commercial corn seed production and sales operated by the Company. On August 16, 2017, the Company entered into a Supplemental Agreement to the Master Agreement, pursuant to which, the aggregate purchase price was increased from RMB400,000 to RMB421,000 and certain payment arrangement provisions were amended.

The overall transaction was originally expected to be conducted in two steps. The first step was the sale of the equity held by Beijing Origin of each of the Denong, Changchun Origin and Linze Origin companies, and the second step was the sale of a company holding the assets of Zhengzhou Branch and the office building in Beijing, PRC.

On July 31, 2017, the Company completed the First Closing and sold the VIE subsidiaries. On August 31, 2017, the Company transferred the control of Zhengzhou Branch to Beijing Shihui pursuant to a Management Agreement and the net assets in Zhengzhou Branch intended to be sold at the Second Closing were considered disposed. Of the total purchase price of RMB421,000, RMB347,085 was allocated to the aforementioned disposed entities and assets and RMB73,915 was allocated to the office building in Beijing, China. As of September 30, 2017, (1) total cash consideration of RMB45,400 inclusive of the RMB10,000 deposits was received, (2) principal amount of the bank loans amounted to RMB142,000 in the VIE subsidiaries was offset against the purchase price, (3) outstanding payables of RMB121,485 by Zhengzhou Branch to Buyer was offset against the purchase price. During the year ended September 30, 2017, we recognized a loss of RMB3,282 on the sale of commercial corn seed production and sales business operated by the Company. The loss was reported in discontinued operations in the consolidated statements of operations and comprehensive income.

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

On September 21, 2018, the Company and certain subsidiaries of the Company entered into a Termination Agreement (“Termination Agreement”) with Beijing Shihui to terminate that certain Master Agreement, dated as of September 26, 2016, by and among the Company, Beijing Shihui, and certain subsidiaries of the Company. Pursuant to the Termination Agreement, the Company and Beijing Shihui agreed to terminate the Master Agreement and not to pursue the second closing contemplated under the Master Agreement. As a result of the Termination Agreement, the Company would not transfer certain assets, including the headquarters building of the Company located in Beijing, PRC and certain other assets, to Beijing Shihui, meanwhile, the transfer of control of Zhengzhou Branch was rewound as a result of termination of the Management Agreement on September 21, 2018.

Through September 30, 2018, the Company reported discontinued operations when the operations and cash flows of a component of the Company had been eliminated or intended to be eliminated from ongoing operations. For a component to be disposed of by sale, financial results were classified as discontinued only when held for sale criteria were met. For a component to be disposed of other than by sale, financial results were not classified as discontinued until abandonment, distribution, or exchange occurred, depending on the manner of disposal. The office building in Beijing, PRC was previously planned to be sold to Beijing Shihui. However, the Company changed the original plan and decided not to sell this part of assets. On September 21, 2018, the Company and certain subsidiaries of the Company entered into a Termination Agreement. Pursuant to this agreement, the Company will not transfer the above-mentioned office building in Beijing to Beijing Shihui.

5. INVENTORIES

As of September 30, 2020 and 2021, inventories are comprised of work in progress of RMB13,568 and RMB 4,178, respectively. No inventories have been pledged as collateral for bank loans as of September 30, 2020 and 2021. Inventory write-offs for the years ended September 30, 2019, 2020 and 2021 were RMB5,973, RMB8,104 and RMB 7,976, respectively.

6. ASSETS HELD FOR SALE

During FY2019, the Company sold certain land use right, plant, and equipment with total net book value of RMB12,051 for cash consideration of RMB26,000. The transition of land use right and buildings with book value of RMB5,652 for cash consideration of RMB20,400 was not completed due to the time taking to finish the title transfer process although those assets have been transferred to the buyers and related proceeds have been received to pay down certain account payables. During FY2020, the company accrued interest expense of RMB6,968 and transfer taxes and fees of RMB3,891. During FY2021, The above transition of land use right and buildings had been finished, and no balance of assets held for sale in the consolidated balance sheets.

7. LAND USE RIGHTS, NET

Land use rights, net consist of the following:

	September 30,	
	2020	2021
	RMB	RMB
Land use rights	13,860	6,260
Accumulated amortization	(4,075)	(4,406)
Land use rights, net	<u>9,785</u>	<u>1,854</u>

Land use rights have been pledged as collateral for loans from Beijing Changping Technology Development Co. Ltd. as of September 30, 2020 were RMB2,053 and from Beijing Changping Technology Development Co. Ltd. as of September 30, 2021 were RMB1,992. Amortization expenses for the years ended September 30, 2019, 2020 and 2021 were RMB677, RMB424 and RMB331, respectively. The Company incurred impairment of land use rights of RMB7,600 for the year ended September 30, 2021.

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

8. PLANT AND EQUIPMENT, NET

Plant and equipment, net consist of the following:

	September 30,	
	2020	2021
	RMB	RMB
Plant and building	123,011	70,179
Machinery and equipment	64,734	57,203
Furniture and office equipment	12,363	12,353
Motor vehicles	3,586	3,580
Total	203,694	143,315
Accumulated depreciation	(88,243)	(94,631)
Plant and equipment, net	115,451	48,684

The Company incurred impairment of plant and equipment of RMB24,012 and RMB60,652 for the year ended September 30, 2020 and 2021, respectively. There are plant and building with net values of RMB20,565 and RMB 19,827 have been pledged for bank loans as of September 30, 2020 and 2021, respectively.

The depreciation expenses for the years ended September 30, 2019, 2020 and 2021 were RMB10,226, RMB9,116, and RMB6,812, respectively.

9. LONG TERM INVESTMENTS

The Company owns 17.94% equity interest in Jilin Jinong Hi-tech Development Shares Co. Ltd. ("Jinong") and accounted for the equity investment without readily determinable fair value (previously known as cost method investment) as of September 30, 2020 and 2021.

The Company recorded an impairment loss of RMB–nil-, RMB5,994, and RMB5,957 on its equity investment without readily determinable fair value for the years ended September 30, 2019, 2020 and 2021, respectively.

10. ACQUIRED INTANGIBLE ASSETS, NET

Acquired intangible assets, net consist of the following:

	September 30,				September 30,			
	2021				2020			
	RMB				RMB			
	Gross Carrying Amount	Accumulated Amortization	Impairment Loss	Net Balance	Gross Carrying Amount	Accumulated Amortization	Impairment Loss	Net Balance
Technology rights for licensed seeds	71,429	(67,655)	—	3,774	71,429	(66,781)	—	4,648
Others	4,739	(4,652)	(87.00)	—	4,739	(4,739)	—	—
Total	76,081	(72,307)	(87.00)	3,774	76,168	(71,520)	—	4,648

Amortization expenses for the years ended September 30, 2019, 2020 and 2021 were RMB2,893, RMB821 and RMB787, respectively. RMB–nil-, RMB–nil-, and RMB87 were charged for impairment for the years ended September 30, 2019, 2020 and 2021, respectively.

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

Amortization expense on these intangible assets for each of the next five years is as follows:

<u>Year ending September 30,</u>	<u>RMB</u>
2022	555
2023	532
2024	520
2025	521
2026	521
Thereafter	1,125
Total	3,774

The Company enters into technology transfer and usage agreements with strategic partners and pays up-front fees for the exclusive rights to certain seed technologies. Technology rights are amortized over an average usage period of 3 to 20 years and are charged to general and administrative expenses.

11. LEASES

As of September 30, 2021, the Company's operating lease right of use assets and operating lease liability are RMB1,904 and RMB3,111, respectively. The Company made the impairment of right of use assets of RMB1,375 and RMB-nil- for the years ended September 30, 2020 and 2021, respectively.. The weighted-average remaining lease term is 2.6 years and the weighted-average discount rate is 4.9%.

The following table summarizes the components of lease expense:

	<u>Year ending September 30, RMB</u>
Operating lease cost	229
Short-term lease cost	291
Total	520

The following table summarizes supplemental information related to leases:

	<u>Year ended September 30, RMB</u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	345

As of September 30, 2021, the Company was obligated under the maturity of operating lease liabilities as follows:

<u>Year ending September 30,</u>	<u>RMB</u>
2022	357
2023	357
2024	357
2025	357
2026	370
Thereafter	1,313
	3,111

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

12. BORROWINGS

Borrowings consisted of the following:

	September 30,	
	2020	2021
	RMB	RMB
Interest-free borrowing from Beijing Changping Technology Development Co. Ltd. (“BC-TID”)	137,660	137,660
Long-term borrowings	137,660	137,660
Current portion of long-term borrowings	—	137,660
Non-current portion of long-term borrowings	137,660	—

Interest expense related to borrowings amounted to RMB4,680 , RMB5,735 and RMB8,260 for the years ended September 30, 2019, 2020 and 2021, respectively.

13. OTHER PAYABLES AND ACCRUED EXPENSES

Other payables and accrued expenses consist of:

	September 30,	
	2020	2021
	RMB	RMB
Payable for purchase of plant and equipment	28,591	9,169
Salaries and bonus payable	5,778	4,724
Accrued interest	3,849	12,102
Other taxes payable	1,803	2,407
Deposits from others	13,225	2,434
Deferred government subsidies	1,693	1,039
Payable for penalty	6,968	12,812
Others	6,097	10,683
	<u>68,004</u>	<u>55,374</u>

14. OTHER LONG-TERM LIABILITY

In fiscal year 2019, the Company didn't receive government subsidies. In fiscal year 2020, the Company received government subsidies from the local PRC government for equipment projects of RMB3.00 million. In fiscal year 2021, the Company didn't receive government subsidies from the local PRC government for equipment projects. The non-current portion of such government subsidies are recorded as long-term liability, which will be amortized over the estimated useful lives related to the plant and equipment and land use right. The increase in deferred government subsidies was due to reclassification from other payable account.

15. STOCK-BASED COMPENSATION

On January 2, 2019 the Company granted its employees options to purchase 36,000 ordinary shares at the price of US\$5.19 (“Tranche 20”), on January 2, 2020 the Company granted its employees options to purchase 38,000 ordinary shares at the price of US\$5.3 (“Tranche 21”), on April 14, 2021 the Company granted its employees options to purchase 160,000 ordinary shares at the price of US\$13.99 (“Tranche 21”).

All the options have an expiration date that is 5 to 10 years from the date of grant and vest immediately or over a period of 1 to 5 years. 33,000 and 33,000 options under the 2009 Plan, and 247,300 and 284,370 options under the 2014 Plan were outstanding as of September 30, 2020 and 2021 respectively.

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

All the option awards have an exercise price of US\$5.19 to US\$20.7 and expire 5 to 10 years from the date of grant and vest immediately or over a period of 1 to 10 years.

For the options outstanding at September 30, 2020 and 2021, the weighted average remaining contractual lives are 0.26 and—nil—years, respectively.

The Company recorded share-based compensation expense for share options of RMB904 , RMB658 and RMB 10,952 for the years ended September 30, 2019, 2020 and 2021 respectively. As of September 30, 2020 and 2021, there were RMB-nil- and RMB-nil-of total unrecognized compensation expense related to non-vested share-based compensation arrangement under the 2014 Plan.

Under the term of the 2014 Plan, on March 1, 2018, June 1, 2018 and September 1, 2018 the Company granted total of 22,500 restricted shares to its management at an aggregate value of US\$167,925, based on the stock closing price of US\$8.6, US\$7.2 and US\$6.6 at March 1, 2018, June 1, 2018 and September 1, 2018, respectively. The vesting period of these shares was 1 year from the grant date, which is March 1, 2019, June 1, 2019 and September 1, 2019, respectively. The Company issued a total of 320,000 restricted shares to its management and employees during the year ended September 30, 2020. The Company recorded share-based compensation expense for restricted shares of RMB11,218, RMB11,566 and RMB -nil- for the years ended September 30, 2019, 2020 and 2021, respectively.

During the fiscal year ended September 30, 2020, we awarded an aggregate of 30,000 treasury stock shares to its employees and recorded share-based compensation expense of RMB1,595, and resulted in decrease RMB7,212 cost of treasury stocks.

During the fiscal year ended September 30, 2021, we awarded an aggregate of 14,386 treasury stock shares to its employees, and resulted in decrease RMB4,223 cost of treasury stocks.

A summary of the stock option activity under the 2005, 2009 and 2014 Plans is as follows:

Grant date	Tranche 9 January 2, 2014	Tranche 10 January 2, 2015	Tranche 11 January 4, 2016	Tranche 12 April 19, 2016	Tranche 13 May 16, 2016	Tranche 14 August 3, 2016	Tranche 15 January 3, 2017	Tranche 16 October 2, 2017	Tranche 17 December 22, 2017	Tranche 18 January 2, 2018	Tranche 19 March 1, 2018	Tranche 20 January 2, 2019	Tranche 21 January 2, 2020	Tranche 22 April 14, 2021
Outstanding as of September 30, 2019	34,500	19,500	13,500	60,000	20,000	20,000	18,000	2,500	8,800	29,000	20,000	36,000	38,000	—
Number of options granted	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Options exercised	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Options cancelled/expired	(34,500)	(19,500)	—	—	—	—	—	—	—	—	—	—	—	—
Outstanding as of September 30, 2020	—	—	13,500	60,000	20,000	20,000	18,000	2,500	8,800	29,000	20,000	36,000	38,000	—
Number of options granted	—	—	—	—	—	—	—	—	—	—	—	—	—	160,000
Options exercised	—	—	—	—	—	—	—	—	(1,000)	—	—	—	—	(20,930)
Options cancelled/expired	—	—	—	(60,000)	(20,000)	(20,000)	—	(2,500)	(6,000)	(10,000)	—	—	—	—
Outstanding as of September 30, 2021	—	—	13,500	—	—	—	18,000	—	1,800	19,000	—	—	—	139,070
Options vested and exercisable	—	—	—	—	—	—	—	—	—	—	—	—	—	—
At September 30, 2020	—	—	13,500	60,000	20,000	20,000	18,000	2,500	8,800	29,000	20,000	36,000	38,000	—
At September 30, 2021	—	—	13,500	—	—	—	18,000	—	1,800	19,000	—	—	—	139,070
Weighted average fair value at the grant date (US\$)	6.5	7.5	9.0	15.4	12.4	14.4	4.0	7.7	4.4	5.1	5.1	4.0	2.5	12.5

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

The fair value of each option granted is estimated on the date of grant using the Black-Scholes Option Pricing Model:

	Tranche 9	Tranche 10	Tranche 11	Tranche 12	Tranche 13	Tranche 14	Tranche 15	Tranche 16	Tranche 17	Tranche 18	Tranche 19	Tranche 20	Tranche 21	Tranche 22
Exercise price (US\$)	12.7	14.8	13.8	20.5	16.5	20	20.7	16.5	8	9.1	8.2	5.19	5.3	15.85
Average risk-free interest rate	0.76 %	1.07 %	1.73 %	1.79 %	1.75 %	1.55 %	1.94 %	1.94 %	2.26 %	2.25 %	2.58 %	2.49 %	1.67 %	0.87 %
Expected option life (year)	3	3	5	10	10	10	5	5	5	5	5	5	5	5
Volatility rate	79.2 %	79.67 %	80.72 %	69.27 %	69.92 %	65.37 %	63.87 %	52.40 %	63.20 %	64.60 %	68.20 %	103 %	52.60 %	109.90 %
Dividend yield	—	—	—	—	—	—	—	—	—	—	—	—	—	—

The aggregate intrinsic value as of September 30, 2021 and 2020 is US\$219 and US\$344, respectively.

16. SHARE CAPITAL

In October 2018, we identified a strategic investor, Longhan Investment Management, Co., Ltd (“Longhan”) and entered into a Share Subscription Agreement with Longhan, and the agreement was later assigned to Tiger Capital Fund SPC (“Tiger Fund”). On January 25, 2019, Tiger Fund purchased 1,397,680 shares of the Company’s common stock for an aggregate purchase price of US\$7,743 (RMB53,599). In addition, Tiger Fund management has been awarded for 1 million shares of warrants with the strike price of \$6.47 and expiration period of five years. The Company recorded the issuance of warrants along with the common stock in APIC.

During the fiscal year ended September 30, 2020, we sold an aggregate of 280,000 shares of the Company’s common stock under an “at the market” arrangement, for gross proceeds of \$2.36 million (RMB16.2 million).

During the fiscal year ended September 30, 2020, third parties contributed RMB2.1 million to our consolidating entities without a corresponding reduction in our ownership percentage, resulting in an increase in cash and non-controlling interests.

During the fiscal year ended September 30, 2021, we sold an aggregate of 219,440 shares of the Company’s common stock under an “at the market” arrangement, for gross proceeds of \$2.62 million (RMB17.2 million).

During the fiscal year ended September 30, 2021, the employees exercised an aggregate of 21,930 shares of stock options. Cash received from options exercised for the years ended December 31, 2021 and 2020 was—nil— and \$73 (RMB472).

17. RENTAL INCOME

The Company has been renting its headquarters building and manage the property over the years. In May 2020, The Company entered into lease agreements with BC-TID. and leased the whole building of Beijing Origin located in Changping District, Beijing 102206, China. Rental income amounted to RMB4,611, RMB7,643 and RMB10,603 for the years ended September 30, 2019, 2020 and 2021, respectively.

18. INCOME TAXES

Agritech and its subsidiary, State Harvest are incorporated in the British Virgin Islands and are exempted from the income tax under the laws of the British Virgin Islands. State Harvest’s subsidiaries and State Harvest’s variable interest entity, Beijing Origin and its majority owned subsidiaries (together, the “PRC entities”) were incorporated in the PRC and governed by the PRC laws.

The applicable tax rate of the PRC Enterprise Income Tax (“EIT”) was changed from 33% to 25% on January 1, 2008, according to the Corporate Income Tax Law. The preferential tax rate previously enjoyed by the PRC entities is gradually transitioned to the new standard rate of 25% over a five-year transitional period. In addition, article 28 of the new tax law stated that the income tax rate of a “high technology” company (high-tech status) is to remain at 15%.

Preferential tax treatment of Beijing Origin as “high technology” company (High-tech Status) from October 28, 2018 to October 27, 2021 has been granted by the relevant tax authorities. Beijing Origin is entitled to a preferential tax rate of 15%

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

which is subject to annual review. As a result of these preferential tax treatments, the reduced tax rates applicable to Beijing Origin Seed Limited for 2019, 2020 and 2021 are 15%.

The Company's liability for income taxes includes the liability for unrecognized tax benefits, interest and penalties which relate to tax years still subject to review by taxing authorities. Audit periods remain open for review until the statute of limitations has passed. The completion of review or the expiration of the statute of limitations for a given audit period could result in an adjustment to the Company's liability for income taxes. Any such adjustment could be material to the Company's results of operations for any given quarterly or annual period based, in part, upon the results of operations for the given period. Until September 30, 2021, the management considered that the Company had no uncertain tax positions affected its consolidated financial position. The Company's uncertain tax positions are related to tax years that remain subject to examination by the relevant tax authorities and the major one is the China tax authority. The open tax years for examinations in China are 5 years.

The principal components of the deferred income tax assets are as follows:

	September 30,	
	2020	2021
	RMB	RMB
Non-current deferred tax assets:		
Net operating loss carry forward	118,031	119,617
Impairment loss	15,272	35,840
Others	11,776	22,959
Non-current deferred income tax assets	145,079	178,416
Valuation allowances	(145,079)	(178,416)
Net non-current deferred income tax assets	—	—

The Company did not have any significant temporary differences relating to deferred tax liabilities as of September 30, 2020 and 2021.

A significant portion of the deferred tax assets recognized relates to net operating loss and credit carry forwards. The Company operates through the PRC entities and the valuation allowance is considered on each individual basis.

Reconciliation between total income tax expenses and the amount computed by applying the statutory income tax rate to income before taxes is as follows:

	Year ended		
	September 30,		
	2019	2020	2021
	%	%	%
Statutory rate	25	25	25
Effect of preferential tax treatment	—	—	—
Change in valuation allowance	(24)	(25)	(25)
Over provision in prior year	—	—	—
Effective income tax rate	1	—	—

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

19. INCOME/(LOSS) PER SHARE

The following table sets forth the computation of basic and diluted loss per share for the years indicated:

	2019	Year ended September 30, 2020	2021
	RMB	RMB	RMB
Numerator:			
Net loss attributable to Origin Agritech Limited	(62,250)	(85,261)	(91,529)
Denominator:			
Average common stock outstanding - basic and Diluted	4,185,842	5,029,017	5,617,424
Basic and Diluted Per Share Data:			
Basic and diluted loss per share attributable to Origin Agritech Limited:	(14.87)	(16.95)	(16.29)

For the years ended September 30, 2019, 2020 and 2021, the effect of the outstanding options was anti-dilutive.

20. EMPLOYEE BENEFIT PLAN AND PROFIT APPROPRIATION

Full time employees of the PRC entities participate in a government mandated multi-employer defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. Chinese labor regulations require the Company to accrue for these benefits based on certain percentages of the employees' salaries. The total provisions for such employee benefits were RMB2,170, RMB1,689, and RMB1,280 for the years ended September 30, 2019, 2020 and 2021, respectively.

Pursuant to the laws applicable to the PRC, domestic PRC entities must make appropriations from after-tax profit to non-distributable reserves funds including: (i) the statutory surplus reserve and; (ii) the statutory public welfare fund. Subject to the limits of 50% of the entity's registered capital, the statutory surplus reserve fund requires annual appropriations of 10% of after-tax profit (as determined under accounting principles generally accepted in the PRC ("PRC GAAP") at each year-end). The Company's wholly foreign owned subsidiary, BioTech, however subject to the law applicable to foreign invested enterprises in the PRC, was required annual appropriation of the general reserve fund, no less than 10% of after-tax profit (as determined under PRC GAAP at each year-end). These reserve funds can only be used for specific purposes of enterprise expansion and staff welfare and are not distributable as cash dividends. No appropriation has been made for the years ended September 30, 2019, 2020 and 2021. On the other hand, the amount set aside as of September 30, 2020 and 2021 were RMB15,133 and RMB15,133.

21. COMMITMENTS AND CONTINGENCIES**Legal proceeding**

There are legal proceedings against Linze Origin Seed Limited and Beijing Origin involving unsettled purchase orders to suppliers of Linze Origin Seed Limited. Pursuant to a court order and mediation directives, the total compensation of these proceedings amounted to RMB961, plus interest, that shall be settled by Linze Origin Seed Limited and Beijing Origin, which shall be jointly and severally liable for these claims.

At present, the legal proceedings have been withdrawn and the Company still has the security obligations and is unable to estimate a reasonable possible range of loss, if any, that may result from such litigation, since it is uncertain how much Linze Origin Seed Limited will pay. If an unfavorable outcome were to occur as a result of the litigation described above, the impact could be no material to the Company's business, financial condition, or results of operations.

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

We may from time to time be subject to various legal or administrative proceedings, either as plaintiff or defendant, arising in the ordinary course of our business. Except otherwise disclosed in this report, we are not currently a party to, nor are we aware of, any legal proceeding, investigation or claim that, in the view of our management, is likely to materially and adversely affect our business, financial position or results of operations.

22. OPERATING RISK

Concentrations of customers and risk

During the fiscal year 2021, our largest and second largest customers represented approximately 5.63% and 5.46% of total consolidated revenues.

Interest risk

The interest rate and term of repayment of other borrowing is 6.0%, which are fixed at the inception of the borrowing. Other financial assets and liabilities do not have material interest rate risk.

Liquidity risk

We believe our working capital is sufficient to meet our present requirements. We may, however, require additional cash due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue. In the long-term, we intend to rely primarily on cash flow from operations and additional borrowings from banks to meet our anticipated cash needs. If our anticipated cash flow is insufficient to meet our requirements, we may also seek to sell additional equity, debt or equity-linked securities.

Country risk

The Company has significant investments in the PRC. The operating results of the Company may be adversely affected by changes in the political and social conditions in the PRC and by changes in Chinese government policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods taxation, among other things. There can be no assurance; however, those changes in political and other conditions will not result in any adverse impact.

Coronavirus risk

The effect of the Coronavirus on our company cannot fully be determined at this time; however, as China has been largely successful in controlling the spread of the virus, currently it is not expected to have a major impact on either the overall Chinese economy or on the Company.

At this time, because of the Chinese government steps taken during 2021, the impact of the Coronavirus on the Company and on our ability to produce and distribute products has been insignificant. Although there was a strict lock-down in China in the middle of our fiscal year, we have largely overcome the adverse impact of that period. Currently, we do not expect any long term adverse impact of the Coronavirus on our business, due to the fact that we operate in China and our products are distributed in China. At this time, because the Chinese economy has not been so disrupted by the Coronavirus and government response, we do not expect the pandemic situation to have any significant adverse results on our overall financial condition.

Notwithstanding the above, if the medical situation should change as the world-wide pandemic continues, we could face adverse consequences to our ability to perform research, generate products and effect distribution of products and otherwise pursue our business. Therefore, investors should monitor aspects of the pandemic and its overall effect on the Chinese economy and trade as well as the world economic situation.

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

23. SUBSEQUENT EVENTS

There are no significant subsequent events.

24. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY

The condensed financial statements of Origin Agritech Limited (the “parent company”) have been prepared in accordance with accounting principles generally accepted in the United States of America. Under the PRC laws and regulations, the Company’s PRC subsidiaries are restricted in their ability to transfer certain of their net assets to the parent company in the form of dividend payments, loans or advances. The amounts restricted include paid-in capital, capital surplus and statutory reserves, as determined pursuant to PRC generally accepted accounting principles, totaling RMB45,457 and RMB45,457 as of September 30, 2020 and 2021, respectively.

The following represents condensed unconsolidated financial information of the parent company only:

CONDENSED BALANCE SHEET

	September 30		
	2020 RMB	2021 RMB	2021 US\$
ASSETS (LIABILITIES)			
Current assets (liabilities)			
Cash and cash equivalents	18,353	8,900	1,372
Other receivables	4	273	41
Due from inter-companies	187,644	187,777	28,954
Due to related parties	(3,129)	717	111
Total current assets (liabilities)	<u>202,872</u>	<u>197,667</u>	<u>30,478</u>
Investment in unconsolidated subsidiaries	(280,062)	(338,339)	(52,169)
Total assets (liabilities)	<u>(77,190)</u>	<u>(140,672)</u>	<u>(21,691)</u>
AND EQUITY			
Total stockholders’ equity (deficit)	<u>(77,190)</u>	<u>(140,672)</u>	<u>(21,691)</u>

ORIGIN AGRITECH LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2019, 2020 AND 2021
(In thousands, except number of share, per share data and unless otherwise stated)

CONDENSED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

	Year ended September 30,			
	2019 RMB	2020 RMB	2021 RMB	2021 US\$
Revenues	—	—	—	—
Operating expenses				
General and administrative	(12,597)	(14,852)	(19,302)	(2,976)
Loss from operations	(12,597)	(14,852)	(19,302)	(2,976)
Equity method loss	(49,163)	(70,407)	(72,213)	(11,135)
Interest expense	—	(2)	(14)	(2)
Loss before income taxes	(62,120)	(85,261)	(91,529)	(14,113)
Income tax expense	—	—	—	—
Net loss	(62,120)	(85,261)	(91,529)	(14,113)
Other comprehensive loss				
Foreign currency translation difference	(1,640)	1,371	(816)	(126)
Total comprehensive loss	(63,760)	(83,890)	(92,345)	(14,239)

CONDENSED STATEMENT OF CASH FLOWS

	Year ended September 30,			
	2019 RMB	2020 RMB	2021 RMB	2021 US\$
Net cash provided by operating activities	—	—	—	—
Net cash provided by financing activities	1,845	16,730	(8,637)	(1,332)
Net increase in cash and cash equivalents	1,845	16,730	(8,637)	(1,332)
Cash and cash equivalents, beginning of year	47	252	18,353	2,830
Effect of exchange rate changes on cash and cash equivalents	(1,640)	1,371	(816)	(126)
Cash and cash equivalents, end of year	252	18,353	8,900	1,372

BASIS OF PRESENTATION

The condensed financial information has been prepared using the same accounting policies as set out in the Company's consolidated financial statements except that the parent company has used equity method to account for its investments in subsidiaries.

Summary of Rights of Shareholders (as of December 2021)

We are a British Virgin Islands company and our affairs are governed by our memorandum and articles of association and the Companies Law of the British Virgin Islands, which we refer to as the “Companies Law” below, and the common law of the British Virgin Islands.

The following are summaries of material provisions of our memorandum and articles of association and the Companies Law as they relate to the material terms of our ordinary shares.

Registered Office and Objects

Our registered office in the British Virgin Islands is at the offices of Maples Finance BVI Limited, Kingston chambers, Road Town, Tortola, British Virgin Islands.

We are established for unrestricted purposes, and we have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the British Virgin Islands.

Board of Directors

The business and affairs of the Company shall be managed by the directors who may exercise all such powers of the Company as are not by the Company Act or by the Memorandum or the Articles required to be exercised by the members of the Company, subject to any delegation of such powers as may be authorized by the Articles and to such requirements as may be prescribed by a resolution of members; but no requirement made by a resolution of members shall prevail if it be inconsistent with the Articles not shall such requirement invalidate any prior act of the directors which would have been valid if such requirement had not been made.

The minimum number of directors shall be five and there shall be no maximum number. The directors may by a resolution of directors change the number of directors. For as long as the Company’s shares are listed on Nasdaq, the Directors shall include such number of independent directors as applicable law, regulations or the Nasdaq regulations required for a foreign private issuer as long as the Company is a foreign private issuer. The continuing directors may act, notwithstanding any casual vacancy in their body, so long as there remain in office not less than the prescribed minimum number of directors duly qualified to act, but if the number falls below the prescribed minimum, the remaining directors shall not act except for the purpose of filling such vacancy. Any vacancy on the Board of Directors resulting from death, resignation, removal or other cause and any newly created directorship resulting from any increase in the authorized number of directors between meetings of members may be filled either by the affirmative vote of a majority of all the directors then in office (even if less than a quorum) or by a resolution of members.

Directors are not required to own any ordinary shares to act as a director. Directors must be an individual person.

The directors shall receive such remuneration as the Board may from time to time determine.

Director Nominations by Shareholders

Shareholders nominations, other than those made by or at the direction of the directors, shall be made pursuant to timely notice in writing to the secretary of the company. To be timely, a members’ notice shall be delivered to or mailed and received at the principal executive offices of the Company not less than 60 days nor more than 90 days prior to the anniversary date of the prior year’s annual meeting; provided, however, that in the event that the date of the annual meeting changed by more than 30 days from such anniversary date, notice by the member to be timely must be so received not later than the close of business on the tenth day following the day on which public disclosure is first made of the date of the annual meeting. Any adjournment or postponement of the original meeting whereby the meeting will reconvene within 30 days from the original date shall be deemed for the purposes of this notice to be a continuation of the original meeting and no nominations by a member of persons to be elected directors of the Company may be made at any such reconvened meeting unless pursuant to a notice which was timely for the meeting on the date originally scheduled. Each such notice shall set out:

- (i) the name and address of the member who intends to make the nomination and of the persons to be nominated;
 - (ii) a representation that the member is a holder of record of shares in the Company entitled to vote at such meeting and that he intends to appear in person or by a proxy at the meeting to nominate the persons specified in the notice;
-

- (iii) a description of all arrangements at understandings between the member and each nominee and any other person (naming such person) pursuant to which the nominations are to be made by the member;
- (iv) such other information regarding each nominee proposed by such member as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the United States Securities and Exchange Commission, had each nominee been nominated, or intended to be nominated, by the directors;
- (v) the consent of each nominee to serve as a director of the Company if so elected; and
- (vi) if the member intends to solicit proxies in support of such member's nominees, a representation to that effect.

The chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure. Only such persons as are nominated in accordance with the procedures shall be eligible to serve as directors of the Company. If at any meeting of members at which an election of directors ought to take place, the place of any retiring director is not filled, he shall, if willing, continue in office until the dissolution of the annual meeting of members in the next year, and so on from year to year until his place is filled, unless it shall be determined at such meeting not to fill such vacancy.

A director shall cease to hold office as such only: (a) if he becomes of unsound mind; (b) if (unless he is not required to hold a share qualification) he has not duly qualified himself within two months of his appointment or if he ceases to hold the required number of shares to qualify him for office; (c) if he is absent from meetings of the directors for six consecutive months without leave of the board of directors, provided that the directors shall have power to grant any director leave of absence for any or an indefinite period; (d) if he dies; (e) one month or, with the permission of the directors earlier, after he has given notice in writing of his intention to resign; (f) if he shall, pursuant to the provisions of the Act, be disqualified or cease to hold office or be prohibited from acting as director; (g) if he is removed from office by a resolution signed by a majority of the directors; or (h) if he is removed from office for cause by a resolution of members. For the purposes hereof, cause means the willful and continuous failure by a director to substantially perform his duties to the Company (other than any such failure resulting from incapacity due to physical or mental illness) or the willful engaging by the director in gross misconduct materially and demonstrably injurious to the Company; or (i) if he is removed from office without cause by a resolution of the majority of the members of the Company, being an affirmative vote of the holders of 66 2/3 percent or more of the outstanding votes of the shares entitled to vote thereon.

Ordinary and Preferred Shares

The Company is authorized to issue two classes of shares as follows: (a) 60,000,000 shares in one series of no par value ("Ordinary Shares"); and (b) 1,000,000 preference shares in one series of no par value ("Preferred Stock"). The Company may issue fractional Shares and a fractional Share shall have the corresponding fractional rights, obligations and liabilities of a whole Share of the same class or series of shares. All of our issued and outstanding ordinary shares are fully paid and non-assessable. Our ordinary shares are issued in registered form and are issued when registered in our register of members. We may not issue share to bearer. Our shareholders who are non-residents of the British Virgin Islands may freely hold and transfer their ordinary shares.

The Board of Directors of the Company is authorized to amend the Company's memorandum and articles of association to provide for the creation from time to time of one or more classes of shares of preferred stock, and pursuant to such amendment, to establish the number of shares and series to be included in each such class, and to fix the designation, relative rights, preferences, qualifications and limitations of the shares of each such class.

The authority of the Board of Directors with respect to each class shall include, but not be limited to, determination of the following: (a) the number of shares and series constituting that class and the distinctive designation of that class; (b) the dividend rate on the shares of that class, whether dividends shall be cumulative, and, if so, from which date or dates, and whether they shall be payable in preference to, or in another relation to, the dividends payable on any other class or classes of stock; (c) whether that class shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights; (d) whether that class shall have conversion or exchange privileges, and if so, the terms and conditions of such conversion or exchange, including provision for adjustment of the conversion or exchange rate in such events as the Board of Directors shall determine; (e) whether or not the shares of that class shall be redeemable, and, if so, the terms and conditions of such redemption, including the manner of selecting shares for redemption if less than all shares are to be

redeemed, the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates; (f) whether that class shall be entitled to the benefit of a sinking fund to be applied to the purchase or redemption of shares of that class, and, if so, the terms and amounts of such sinking fund; (g) the right of the shares of that class to the benefit of conditions and restrictions upon the creation of indebtedness of the Company or any subsidiary, upon the issue of any additional stock (including additional shares of such class of any other class) and upon the payment of dividends or the making of other distributions on, and the purchase, redemption or other acquisition by the Company or any subsidiary of any outstanding stock of the Company; (h) the right of the shares of that class in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and whether such rights shall be in preference to, or in another relation to, the comparable rights of any other class or classes of stock; and (i) any other relative, participating, optional or other special rights, qualifications, limitations or restrictions of that class.

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to memorandum and articles of association and the Companies Law.

Holders of ordinary shares shall be entitled to one vote on all matters subject to a vote at general meetings of the shareholders.

Shareholder Quorum

A quorum required for a meeting of shareholders is if at the commencement of the meeting, there are present in person or by proxy not less than 50 percent of the votes of the shares or class or series of shares entitled to vote on resolutions of members to be considered at the meeting. If a quorum be present, notwithstanding the fact that such quorum may be represented by only one person then such person may resolve any matter and a certificate signed by such person accompanied where such person be a proxy by a copy of the proxy form shall constitute a valid resolution of members.

Shareholder Proposals

For business to be properly brought to the annual meeting of members by a shareholder, the shareholder must have given timely written notice thereof, either by personal delivery or by prepaid registered post to the secretary of the Company at the principal executive offices of the Company. To be timely, a member's notice must be delivered not less than 60 days nor more than 90 days prior to the anniversary date of the prior year's annual meeting; provided, however, that in the event that the date of the annual meeting changed by more than 30 days from such anniversary date, in order to be timely, notice by the member must be so received not later than the close of business on the tenth day following the day on which public disclosure is first made of the date of the annual meeting. Any adjournment(s) or postponement(s) of the original meeting whereby the meeting will reconvene within 30 days from original date shall be deemed, for purposes of notice, to be a continuation of the original meeting and no business may be brought before any reconvened meeting unless such timely notice of such business was given to the Secretary for the meeting as originally scheduled. A member's notice to the Secretary shall set out as to each matter that the member wishes to be brought before the meeting of members: (i) a brief description of the business desired to be brought before the meeting; (ii) the name and address of record of the member proposing such business; (iii) the class and number of shares of the Company which are beneficially owned by such member; (iv) any material interest of such member in such business; and (v) if the member intends to solicit proxies in support of such member's proposal, a representation to that effect.

Special Meetings

Special meetings of members (being all meetings of members which are not annual meetings) may be called only by the directors pursuant to a resolution of directors to that effect or upon the written request of members holding more than 50 percent of the votes of the outstanding voting shares in the Company.

Shareholder Approval

Resolutions of the shareholders will be approved at a duly convened and constituted meeting of the shareholders of the Company by the affirmative vote of (a) a simple majority of the votes of the shares entitled to vote thereon which were present at the meeting and were voted and not abstained, or (b) a simple majority of the votes of each class or series of shares which were present at the meeting and entitled to vote thereon as a class or series and were voted and not abstained and of a simple majority of the votes of the remaining shares entitled to vote thereon which were present at the meeting and were voted and not abstain;

Transfer of Shares

Our shareholders may transfer all or any of its, his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Anti-Takeover Effect

Some provisions of our memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors

to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders.

Exempted Company.

We are an exempted company with limited liability under the Companies Law. The Companies Law distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the British Virgin Islands but conducts business mainly outside of the British Virgin Islands may apply to be registered as an exempted company.

Name	Place of incorporation (or establishment)/operation	Percentage of ownership
State Harvest	British Virgin Islands	100% owned by Origin
Origin Biotechnology	Haidian District, Beijing, PRC	100% owned by State Harvest
Beijing Origin	Haidian District, Beijing, PRC	98.96% controlled by State Harvest
Xinjiang Origin	Jinbo City, Xinjiang Province, PRC	51% owned by Beijing Origin
Henan Aoyu	Zhengzhou City, Henan Province, PRC	51% owned by State Harvest
Anhui Aoyu	Hefei, Anhui Province, PRC	50% owned by State Harvest
Hubei Aoyu	Wuhan, Hubei Province, PRC	51% owned by State Harvest
Xuzhou Aoyu	Xuzhou, Jiangsu Province, PRC	51% owned by State Harvest
Shandong Aoruxinong	Qingdao, Shandong Province, PRC	51% owned by State Harvest

CERTIFICATION

I, Gengchen Han, certify that:

1. I have reviewed this annual report on Form 20-F of Origin Agritech Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: February 4, 2022

/s/ Gengchen Han

Name: Gengchen Han

Title: Chairman of the Board and Chief Executive Officer

CERTIFICATION

I, Gengchen Han, certify that:

1. I have reviewed this annual report on Form 20-F of Origin Agritech Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: February 4, 2022

/s/ Gengchen Han

Name: Gengchen Han

Title: Chief Financial Officer

ORIGIN AGRITECH LIMITED
Certification

Pursuant to 18 U.S.C. Section 1350, the undersigned, Gengchen Han, Chairman of the Board of Directors of Origin Agritech Limited (the "Company"), hereby certifies, to his knowledge, that the Company's annual report on Form 20-F for the year ended September 30, 2021 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 4, 2022

/s/ Gengchen Han

Name: Gengchen Han

Title: Chairman of the Board and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished with the Company's Report pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

ORIGIN AGRITECH LIMITED
Certification

Pursuant to 18 U.S.C. Section 1350, the undersigned, Gengchen Han, Chief Financial Officer of Origin Agritech Limited (the "Company"), hereby certifies, to his knowledge, that the Company's annual report on Form 20-F for the year ended September 30, 2021 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 4, 2022

/s/ Gengchen Han

Name: Gengchen Han

Title: Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished with the Company's Report pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (File No. 333-202947, 333-166226, 333-145865 and 333-256186) and the Registration Statement on Form F-3 (File No. 333-253866) of Origin Agritech Limited (the “Company”) of our report dated February 4, 2022, relating to the consolidated financial statements of the Company as of and for the years ended September 30, 2020 and 2021, to all references to our firm included in this Form 20-F filed with the U.S. Securities and Exchange Commission on February 4, 2022.

/S/ B F Borgers CPA PC

Lakewood, Colorado
February 4, 2022
