



# 上海大生農業金融科技股份有限公司

## Shanghai Dasheng Agriculture Finance Technology Co., Ltd.

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

(Stock code: 1103)



Interim Report 2016

## FINANCIAL SUMMARY

*For the six months ended 30 June 2016*

	For the six months ended 30 June		Change
	2016 RMB'000	2015 RMB'000 (Restated)	
Turnover	2,331,650	3,830,169	-39%
Gross Profit	164,808	182,218	-10%
Profit for the period	94,688	93,448	1%
Attributable to:			
– Equity Holders of the Company	74,827	82,297	-9%
Earnings Per Share (RMB) (Restated)			
– Basic	0.024	0.030	-20%
– Diluted	0.024	0.030	-20%

*As at the period/year end*

	30 June 2016 RMB'000	31 December 2015 RMB'000	Change
Total assets	5,981,703	6,322,626	-5%
Net current assets	2,070,738	716,223	189%
Total liabilities	2,830,856	4,575,366	-38%
Total Equity	3,150,847	1,747,260	81%

## Corporate Information

### EXECUTIVE DIRECTORS

Lan Huasheng – Chairman  
Mo Luojiang – Chief Executive Officer  
Wang Liguo – Vice President

### NON-EXECUTIVE DIRECTOR

Zhu Tianxiang

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Chung Cheuk Ming  
Yang Gaoyu  
Zhou Jianhao

### SUPERVISORS

Lu Tingfu (*Chairman*)  
Chen Yuanling  
Jiang Feng  
Ye Mingzhu  
Zhao Liping

### AUDITOR

BDO Limited, *Certified Public Accountants*

### REGISTERED OFFICE

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

### PRINCIPAL PLACE OF BUSINESS IN CHINA

35F, Aurora Plaza  
No. 99 Fu Cheng Road  
Pudong New District  
Shanghai PRC  
Postal code: 200080

### PLACE OF BUSINESS IN HONG KONG

Unit 1705-06  
Convention Plaza Office Tower  
No. 1 Harbour Road  
Wan Chai  
Hong Kong

### COMPANY WEBSITE

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

### COMPLIANCE OFFICER

Mo Luojiang

### COMPANY SECRETARY

Lo Suet Fan

### AUTHORISED REPRESENTATIVES

Mo Luojiang  
Lo Suet Fan

### MEMBERS OF THE AUDIT COMMITTEE

Chung Cheuk Ming (*Chairman*)  
Yang Gaoyu  
Zhou Jianhao  
Zhu Tianxiang

### MEMBERS OF THE REMUNERATION AND ASSESSMENT COMMITTEE

Zhou Jianhao (*Chairman*)  
Chung Cheuk Ming  
Yang Gaoyu

### MEMBERS OF NOMINATION COMMITTEE

Mo Luojiang (*Chairman*)  
Chung Cheuk Ming  
Yang Gaoyu  
Zhou Jianhao

### HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

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

### PRINCIPAL BANKERS

Bank of Communications  
China PingAn Bank  
SPD Bank

### STOCK CODE

1103

The board of directors (the “Board”) of Shanghai Dasheng Agriculture Finance Technology Co., Ltd. (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (together the “Group”) for the six months ended 30 June 2016 together with comparative unaudited figures for the corresponding periods in 2015.

## Condensed Consolidated Statement of Comprehensive Income – Unaudited

	Note	For the six months ended 30 June	
		2016 Unaudited RMB'000	2015 Unaudited RMB'000 (Restated) (Note 15)
Turnover	3	2,331,650	3,830,169
Cost of sales		(2,166,842)	(3,647,951)
Gross profit		164,808	182,218
Other income and gains	3	10,095	8,247
Distribution costs		(3,175)	(9,883)
Administrative expenses		(39,165)	(35,643)
Share of profit of associates		7,052	3,684
Finance costs	5	(24,358)	(36,751)
Profit before income tax expense	6	115,257	111,872
Income tax expense	7	(20,569)	(18,424)
Profit for the period		94,688	93,448
Other comprehensive income			
Items that may be reclassified to profit or loss:			
– Exchange differences on translating foreign operations		(1,136)	(1)
Total comprehensive income for the period		93,552	93,447
Profit for the period attributable to:			
– Owners of the Company		74,827	82,297
– Non-controlling interests		19,861	11,151
		94,688	93,448
Total comprehensive income for the period attributable to:			
– Owners of the Company		73,691	82,296
– Non-controlling interests		19,861	11,151
		93,552	93,447
Basic and diluted earnings per share for profit attributable to owners of the Company during the period (restated) (expressed in RMB per share)	8	0.024	0.030

## Condensed Consolidated Statement of Financial Position

		As at 30 June 2016 Unaudited RMB'000	As at 31 December 2015 Audited RMB'000
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Payments for leasehold land held for own use under operating leases		9,024	9,123
Property, plant and equipment		99,188	99,641
Construction in progress		–	1,874
Investment property		16,472	17,045
Intangible assets		148,269	148,284
Interests in associates		82,769	65,260
Available-for-sale financial assets		7,300	5,800
Trade and other receivables	11	758,376	723,032
Deferred tax assets		26,510	24,076
<b>Total non-current assets</b>		<b>1,147,908</b>	<b>1,094,135</b>
<b>Current assets</b>			
Inventories	10	77,140	33,028
Trade and other receivables	11	4,123,236	4,548,858
Amounts due from customers for contract work		159,085	24,826
Restricted bank deposits		231,954	251,375
Cash and cash equivalents		235,762	362,577
Assets classified as held for sale		6,618	7,827
<b>Total current assets</b>		<b>4,833,795</b>	<b>5,228,491</b>
<b>Total assets</b>		<b>5,981,703</b>	<b>6,322,626</b>

## Condensed Consolidated Statement of Financial Position (Continued)

	Note	As at 30 June 2016 Unaudited RMB'000	As at 31 December 2015 Audited RMB'000
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	2,010,028	3,347,999
Amounts due to customers for contract work		68,888	69,516
Borrowings	13	659,100	1,021,200
Current tax liabilities		25,041	73,553
<b>Total current liabilities</b>		<b>2,763,057</b>	<b>4,512,268</b>
<b>Net current assets</b>		<b>2,070,738</b>	<b>716,223</b>
<b>Total assets less current liabilities</b>		<b>3,218,646</b>	<b>1,810,358</b>
<b>Non-current liabilities</b>			
Borrowings	13	43,724	31,667
Deferred tax liabilities		24,075	31,431
<b>Total non-current liabilities</b>		<b>67,799</b>	<b>63,098</b>
<b>Total liabilities</b>		<b>2,830,856</b>	<b>4,575,366</b>
<b>NET ASSETS</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	14	508,872	305,432
Reserves		2,396,856	1,174,281
<b>Equity attributable to owners of the Company</b>		<b>2,905,728</b>	<b>1,479,713</b>
<b>Non-controlling interests</b>		<b>245,119</b>	<b>267,547</b>
<b>TOTAL EQUITY</b>		<b>3,150,847</b>	<b>1,747,260</b>

## Condensed Consolidated Statement of Changes In Equity – Unaudited

	Share capital RMB'000 (note 14)	Capital reserve RMB'000	Statutory reserve fund RMB'000	Other reserve RMB'000	Currency translation reserve RMB'000	Retained earnings RMB'000	Equity attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2015 (audited)	140,429	174,956	112,404	17,912	(7,663)	454,558	892,596	134,934	1,027,530
Profit for the period	-	-	-	-	-	82,297	82,297	11,151	93,448
Exchange differences on translating foreign operations	-	-	-	-	(1)	-	(1)	-	(1)
Total comprehensive income for the period	-	-	-	-	(1)	82,297	82,296	11,151	93,447
2014 final dividend declared	-	-	-	-	-	(50,905)	(50,905)	-	(50,905)
Rights issue (note 14)	63,192	327,528	-	-	-	-	390,720	-	390,720
Balance at 30 June 2015 (unaudited)	203,621	502,484	112,404	17,912	(7,664)	485,950	1,314,707	146,085	1,460,792
Balance at 1 January 2016 (audited)	305,432	400,673	133,507	17,912	(7,810)	629,999	1,479,713	267,547	1,747,260
Profit for the period	-	-	-	-	-	74,827	74,827	19,861	94,688
Exchange differences on translating foreign operations	-	-	-	-	(1,136)	-	(1,136)	-	(1,136)
Total comprehensive income for the period	-	-	-	-	(1,136)	74,827	73,691	19,861	93,552
Placing and subscription of new shares (note 14)	203,440	1,148,140	-	-	-	-	1,351,580	-	1,351,580
Acquisition of additional equity interests in a subsidiary	-	-	-	-	-	744	744	(25,743)	(24,999)
Loss of control of a subsidiary	-	-	-	-	-	-	-	(9,002)	(9,002)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(7,544)	(7,544)
Balance at 30 June 2016 (unaudited)	508,872	1,548,813	133,507	17,912	(8,946)	705,570	2,905,728	245,119	3,150,847

## Condensed Consolidated Statement of Cash Flows – Unaudited

	For the six months ended 30 June	
	2016 Unaudited RMB'000	2015 Unaudited RMB'000
Net cash (used in)/from operating activities	<b>(987,333)</b>	17,586
Net cash used in investing activities	<b>(92,360)</b>	(8,015)
Net cash from financing activities	<b>952,878</b>	67,368
Net (decrease)/increase in cash and cash equivalents	<b>(126,815)</b>	76,939
Cash and cash equivalents at beginning of the period	<b>362,577</b>	110,724
Cash and cash equivalents at end of the period	<b>235,762</b>	187,663



Notes:

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2016 (“Interim Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The accounting policies adopted in preparing the Interim Financial Statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2015, except for those accounting policy changes that are expected to be reflected in the 2016 annual financial statements as described in note 2.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group.

- Annual Improvements to HKFRSs 2012-2014 Cycle
- Amendments to HKAS 1, Presentation of financial statements: Disclosure initiative

The Group has adopted, for the first time, certain amendments issued by the HKICPA that are mandatorily effective for the current period. None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented.

### 3. TURNOVER AND OTHER INCOME AND GAINS

Turnover represents the income from road and bridge construction, sale of petrochemical products and agricultural products as well as provision of financial leasing and commercial factoring services net of taxes, discounts, returns and allowances, where applicable and after eliminating sales within the Group.

	For the six months ended 30 June	
	2016 RMB'000	2015 RMB'000 (Restated) (Note 15)
Turnover:		
Road and bridge construction	520,085	411,386
Sale of petrochemical products	850,825	1,025,714
Sale of agricultural products	946,713	2,393,069
Financial leasing and commercial factoring	14,027	–
	2,331,650	3,830,169
Other income and gains:		
Government grants	2,645	–
Interest income	3,072	4,225
Others	4,378	4,022
	10,095	8,247

### 4. SEGMENT INFORMATION

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

The Group determines its operating segments based on the internal reports reviewed by the chief operating decision maker (i.e. Chief Executive Officer of the Group) that are used to make strategic decisions.

During the six months ended 30 June 2016, the chief decision maker decided to rename the operating segment of sale of petrochemical products to agricultural and petrochemical products supply chain services, starting from 1 January 2016, so as to conform with the Group's strategy.

Inter-segment transactions are priced with reference to prices charged to external parties for similar order.

#### 4. SEGMENT INFORMATION *(Continued)*

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

The segment results for the six months ended 30 June 2016 are as follows:

	Road and bridge construction RMB'000	Agricultural and petrochemical products supply chain services RMB'000	Financial leasing and commercial factoring RMB'000	Total RMB'000
Total segment revenue	520,085	1,797,538	14,027	2,331,650
Inter-segment revenue	–	–	–	–
<b>Reportable segment revenue from external customers</b>	<b>520,085</b>	<b>1,797,538</b>	<b>14,027</b>	<b>2,331,650</b>
Reportable segment profit	110,842	11,082	10,639	132,563
Finance costs	(12,843)	(10,227)	(1,288)	(24,358)
Share of profit/(loss) of associates	–	7,110	(58)	7,052
<b>Profit before income tax expense</b>				<b>115,257</b>
Income tax expense				(20,569)
<b>Profit for the period</b>				<b>94,688</b>

The segment results for the six months ended 30 June 2015 are as follows:

	Road and bridge construction RMB'000	Sale of petrochemical products RMB'000 (Restated) (Note 15)	Total RMB'000
Total segment revenue	411,386	3,418,783	3,830,169
Inter-segment revenue	–	–	–
<b>Reportable segment revenue from external customers</b>	<b>411,386</b>	<b>3,418,783</b>	<b>3,830,169</b>
Reportable segment profit	73,985	70,954	144,939
Finance costs	(16,919)	(19,832)	(36,751)
Share of profit of associates	–	3,684	3,684
<b>Profit before income tax expense</b>			<b>111,872</b>
Income tax expense			(18,424)
<b>Profit for the period</b>			<b>93,448</b>

#### 4. SEGMENT INFORMATION (Continued)

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

Other segment items included in the consolidated statement of comprehensive income are as follows:

	Six months ended 30 June 2016				Six months ended 30 June 2015		
	Road and bridge construction RMB'000	Agricultural and petrochemical products supply chain services RMB'000	Financial leasing and commercial factoring RMB'000	Total RMB'000	Road and bridge construction RMB'000	Sale of petrochemical products RMB'000	Total RMB'000
Depreciation	4,750	3,208	240	8,198	760	1,828	2,588
Amortisation	114	-	-	114	119	-	119

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

The reportable segment assets and liabilities at 30 June 2016 are as follows:

	Road and bridge construction RMB'000	Agricultural and petrochemical products supply chain services RMB'000	Financial leasing and commercial factoring RMB'000	Total RMB'000
Reportable segment assets	2,312,543	3,215,337	453,823	5,981,703
Reportable segment liabilities	1,589,132	1,151,790	89,934	2,830,856

The reportable segment assets and liabilities at 31 December 2015 are as follows:

	Road and bridge construction RMB'000	Sale of petrochemical products RMB'000	Financial leasing and commercial factoring RMB'000	Total RMB'000
Reportable segment assets	2,422,567	3,566,942	333,117	6,322,626
Reportable segment liabilities	1,770,510	2,710,004	94,852	4,575,366

##### (b) Secondary reporting format – geographical segments

No geographical segment information is presented as the entire Group's revenue from external customers is derived from customers located in the PRC and all the Group's non-current assets are located in the PRC, which is considered as one geographic location with similar risks and returns.

## 5. FINANCE COSTS

	For the six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Interest expense on borrowing wholly repayable within five years and discounted commercial notes	26,850	47,312
Less: amount capitalised ( <i>note</i> )	(2,492)	(10,561)
	24,358	36,751

Note: Borrowing costs capitalised during the period arose on the general borrowings and were calculated by applying a capitalisation rate of approximately 5.23% (six months ended 30 June 2015: 6.5%) per annum to expenditure on qualifying assets.

## 6. PROFIT BEFORE INCOME TAX EXPENSE

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

	For the six months ended 30 June	
	2016 RMB'000	2015 RMB'000 (Restated)
Depreciation of property, plant and equipment	8,198	2,588
Staff costs	16,730	9,563
Cost of inventories recognised as expenses	1,772,869	3,008,131
Operating lease rental expenses in respect of		
– Land and buildings	3,534	3,758
Reversal of on trade and other receivables, net	(1,109)	(1,600)

## 7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Current income tax		
PRC enterprise income tax	20,569	18,424
Hong Kong profits tax	–	–
	20,569	18,424

Profits of subsidiaries established in the PRC are subject to enterprise income tax at 25% (six months ended 30 June 2015: 25%). Profits of subsidiaries established in Hong Kong are subject to Hong Kong profits tax of 16.5% (six months ended 30 June 2015: 16.5%).

## 8. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to owners of the Company of RMB73,691,000 (six months ended 30 June 2015: RMB82,297,000) by the weighted average number of ordinary shares in issue throughout the period of 4,547,729,982 shares (six months ended 30 June 2015: 2,732,293,393 shares as restated).

	For the six months ended 30 June	
	2016	2015 (Restated)
Profit attributable to owners of the Company (RMB'000)	73,691	82,297
Weighted average number of ordinary shares in issue (thousands)*	4,547,730	2,732,293
Basic earnings per share (RMB per share)	0.024	0.030

- \* The weighted average number of ordinary shares for the purpose of basic earnings per share of six months ended 30 June 2015 has been adjusted for the bonus issue completed on 27 July 2015, the subscription completed on 26 February 2016 and the placing completed on 7 March 2016.

Diluted earnings per share equals to basic earnings per share, as there were no potential dilutive ordinary shares issued during the six months ended 30 June 2016 and 2015.

## 9. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

## 10. INVENTORIES

	As at	As at
	30 June	31 December
	2016	2015
	RMB'000	RMB'000
Petrochemical products for resale	47,499	2,960
Other construction materials	29,641	30,068
	77,140	33,028

## 11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2016 RMB'000	As at 31 December 2015 RMB'000
Trade receivables	3,612,437	4,005,834
Commercial notes receivable	10,370	23,216
Retention sum for construction contracts	473,274	573,149
Finance lease receivables	135,640	81,646
Factoring loan receivables	281,787	176,367
	<b>4,513,508</b>	<b>4,860,212</b>
Prepayments and deposits	315,208	312,102
Other receivables	119,703	167,327
Amounts due from associates	230	395
Less: Impairment losses	(67,037)	(68,146)
Total	<b>4,881,612</b>	<b>5,271,890</b>
Classified as:		
Non-current assets	758,376	723,032
Current assets	4,123,236	4,548,858
	<b>4,881,612</b>	<b>5,271,890</b>

## 11. TRADE AND OTHER RECEIVABLES (Continued)

The ageing analysis of trade and notes receivables based on invoice date and before impairment loss is as follows:

	As at 30 June 2016 RMB'000	As at 31 December 2015 RMB'000
Road and bridge construction (note (a))		
Less than 6 months	1,340,407	1,420,149
6 months to less than 1 year	18,884	20,207
1 year to less than 2 years	85,654	74,515
2 years to less than 3 years	22,732	28,875
Over 3 years	52,746	17,419
	<b>1,520,423</b>	<b>1,561,165</b>
Agricultural and petrochemical products supply chain services (note (b))		
Less than 31 days	877,465	2,112,061
31 to 60 days	61,685	307,869
61 to 90 days	631,378	146,224
91 days to less than 1 year	910,721	168,523
1 year to less than 2 years	22,327	287,824
2 years to less than 3 years	66,140	12,659
Over 3 years	5,942	5,874
	<b>2,575,658</b>	<b>3,041,034</b>
Finance lease and factoring business		
Less than 6 months	168,781	249,763
6 months to less than 1 year	240,869	8,250
1 year to less than 2 years	7,777	-
	<b>417,427</b>	<b>258,013</b>
<b>Total</b>	<b>4,513,508</b>	<b>4,860,212</b>

### Notes:

- (a) In respect of road and bridge construction business, average credit period is negotiated on an individual basis in accordance with contract terms. Normally the general credit period is ranging from 0 to 3 years. Substantially all customers of road and bridge construction business are PRC government-related corporations which have no recent history of default. The credit quality of trade receivables has been assessed by referencing to the counterparty's historical default rates and background. Terms of some construction contracts stipulate that some customers would withhold a portion of total contract amount (usually 5%) until a specified period (usually 2 years) after completion of the contract.
- (b) For agricultural and petrochemical products supply chain services, credit terms granted to individual customer vary on a customer by customer basis which is determined by management with reference to the creditability of respective customer. Normally, the general credit period is ranging from 30 to 180 days.



## 12. TRADE AND OTHER PAYABLES

	As at 30 June 2016 RMB'000	As at 31 December 2015 RMB'000
Trade payables	1,338,611	2,369,497
Notes payable	419,255	552,139
	<b>1,757,866</b>	<b>2,921,636</b>
Amount due to an associate	271	650
Amount due to a related company	–	10,796
Deposits received	78,129	124,099
Other payables	170,748	280,568
Accruals	3,014	10,250
<b>Total</b>	<b>2,010,028</b>	<b>3,347,999</b>

The ageing analysis of trade payables is as follows:

	As at 30 June 2016 RMB'000	As at 31 December 2015 RMB'000
Road and bridge construction		
Less than 6 months	721,007	828,356
6 months to less than 1 year	26,710	91,939
1 year to less than 2 years	5,137	26,503
2 years to less than 3 years	18,080	23,612
Over 3 years	16,822	18,336
	<b>787,756</b>	<b>988,746</b>
Agricultural and petrochemical products supply chain services		
Less than 31 days	319,427	1,703,214
31 to 60 days	38,016	50,010
61 to 90 days	354,112	50
91 days to less than 1 year	257,230	179,140
1 year to less than 2 years	849	28
2 years to less than 3 years	28	–
Over 3 years	448	448
	<b>970,110</b>	<b>1,932,890</b>
<b>Total</b>	<b>1,757,866</b>	<b>2,921,636</b>

### 13. BORROWINGS

	As at 30 June 2016 RMB'000	As at 31 December 2015 RMB'000
Secured – interest bearing loans	242,824	31,667
Unsecured – interest bearing loans	460,000	1,021,200
	<b>702,824</b>	<b>1,052,867</b>

At 30 June 2016 and 31 December 2015, total borrowings of the Group were repayable as follows:

	As at 30 June 2016 RMB'000	As at 31 December 2015 RMB'000
On demand or within one year	659,100	1,021,200
More than two years, but not exceeding five years	43,724	31,667
	<b>702,824</b>	<b>1,052,867</b>

### 14. SHARE CAPITAL

	Number of ordinary shares	Amount RMB'000
Authorised, issued and fully paid:		
Ordinary share of RMB0.1 each		
At 1 January 2015	1,404,285,000	140,429
Right issue (note i)	631,928,250	63,192
At 30 June 2015	2,036,213,250	203,621
Bonus issue (note ii)	1,018,106,625	101,811
At 31 December 2015 and 1 January 2016	3,054,319,875	305,432
Placing and subscription (note iii)	2,034,400,000	203,440
At 30 June 2016	5,088,719,875	508,872

## 14. SHARE CAPITAL (Continued)

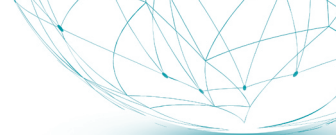
- i. On 17 February 2015, the Company proposed to raise fund by way of a rights issue of 631,928,250 rights shares (comprising 324,000,000 domestic rights shares and 307,928,250 H rights shares) on the basis of 4.5 rights shares for every 10 existing shares held by the qualifying shareholders at the subscription price of RMB0.62 per domestic rights share and HK\$0.78 per H rights share payable in full on acceptance. The rights issue was completed on 30 March 2015.
- ii. Pursuant to the special resolution passed at the annual general meeting and respective class meetings of the Company on 23 June 2015, it was approved to issue bonus shares to all the shareholders of the Company on the basis of five new bonus shares for every ten existing shares of the Company held by the members on the register of members of the Company on 9 July 2015. On 27 July 2015, a total of 1,018,106,625 bonus shares which comprised 496,106,625 bonus H shares and 522,000,000 bonus domestic shares were issued.
- iii. On 29 July 2015, the Company and Shenzhen Dasheng Agricultural Group Co., Ltd. (“Shenzhen Dasheng”), which holds approximately 29.86% equity interests of the Company as at 31 December 2015, entered into a share subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue and Shenzhen Dasheng has conditionally agreed to subscribe for 1,500,000,000 H shares at a price of not less than HK\$0.8 per share. On the same day, the Company entered into a placing agreement with a placing agent, pursuant to which the Company has conditionally agreed to place through the placing agent, on a best efforts basis, of 1,500,000,000 H shares at a price of not less than HK\$0.8 per share. The new shares proposed to be subscribed or placed will rank pari passu in all respects with the existing H shares in issue. The subscription as well as the placing were completed on 26 February 2016 and 7 March 2016, respectively. As a result, a total of 2,034,400,000 H shares were issued.

## 15. RESTATEMENT OF COMPARATIVE FINANCIAL STATEMENTS

During the year ended 31 December 2015, the Group has discovered a misstatement in its consolidated statement of comprehensive income. For details, please refer to the note 42 to the consolidated financial statements for the year ended 31 December 2015 which was on page 113 to the annual report. As a result, certain revenue and related cost of sales so recorded in the six months ended 30 June 2015 shall be recognised in net amount instead of in gross amount. The effects of correction of this misstatement on the Group's condensed consolidated financial statements for the six months ended 30 June 2015 are summarised as follows:

Condensed consolidated statement of comprehensive income for the six months ended 30 June 2015:

	As previously reported RMB'000	Correction of misstatement RMB'000	As restated RMB'000
Turnover	5,285,752	(1,455,583)	3,830,169
Cost of sales	5,103,534	(1,455,583)	3,647,951



## 16. EVENT AFTER THE REPORTING PERIOD

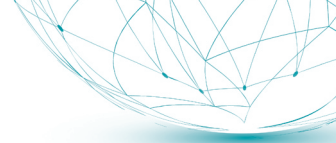
- i. On 18 August 2015, 24 December 2015 and 28 April 2016, the Group entered into the sale and purchase agreement, a supplemental agreement and a second supplemental agreement to the sale and purchase agreement, respectively, with the vendor, pursuant to which the Company has conditionally agreed to acquire 100% equity interests of Shanghai Kaiyi Corporate Management Consultancy Co., Limited and its to-be-acquired subsidiary, Shanghai Runtong Industrial and Investment Co., Limited (“Shanghai Runtong”), at the consideration of RMB268 million. For details of the transaction, please refer to the announcements dated 18 August 2015, 24 December 2015 and 28 April 2016. The acquisition was completed on 27 July 2016.
- ii. In the meeting held on 15 June 2016, the Board recommended the payment of a final dividend of RMB0.015 per share as well as a bonus issue of shares on the basis of five bonus shares for every ten existing shares of the Company held by the members on the register of members of the Company on 4 September 2016, which were approved at the annual general meeting and respective class meetings (where applicable) of the Company on 23 August 2016.
- iii. On 26 August 2016, the Company entered into a capital injection agreement with 南通路橋工程有限公司 (Nantong Road and Bridge Engineering Co., Ltd.\*) (“Nantong”) and the minority shareholders of Nantong, in relation to the capital injection of RMB300 million in Nantong by the Company solely. After capital injection by the Company, the shareholding of the Company to Nantong will increase from 74.87% to 82.41%. For details, please refer to the announcement of the Company dated 26 August 2016.

# Management Discussion and Analysis

## FINANCIAL AND BUSINESS REVIEW

The first half of 2016 witnessed a complex and changing global economic situation. Uncertainties over the global economy further intensified with more non-economic disruption factors such as geopolitical factors, the impact of US Federal Reserve's interest rate hike on the global market and the withdrawal of the UK from the European Union. Against the backdrop of unstable global economic growth and deepening of structural adjustment of the Chinese economy, steady growth was the highlight of China's economic development in the first half of the year. The Chinese government continued to optimize its macro-economic policies and developed new ways of macro adjustment and control by adhering to the principle of seeking progress amidst stability, so as to realize stable growth, structural adjustment and national well-being on a steady track. Meanwhile, it has also exerted great efforts in promoting the structural reform of the "Supply Side" while expanding the total demand moderately. The ongoing release of reform benefits was also an important driver for sustainable economic growth. The domestic economy maintained overall stability and achieved stable development progress and sound growth in the first half of the year. China's gross domestic product amounted to RMB34,063.7 billion in the first half of 2016, representing a year-on-year increase of 6.7%. With the development of new type of industrialization, informatization, urbanization and agricultural modernization deep in progress, there exists a huge potential for China's stably progressing economy and represents a strong need for increasing domestic demand.

In the first half of 2016, the Central Government of China and the State Council officially promulgated the Several Opinions on Implementing the New Development Ideas on Accelerating Agricultural Modernization and Achieving the Goal of the All-round Well-off Society (《關於落實發展新理念加快農業現代化全面實現小康目標的若干意見》), in which the "Farmers, Villages and Agricultural Industry" reform has been the focus of the Number 1 Document of the Central Government for 13 consecutive years since 2004, signifying an important direction for the economic transformation and upgrade in China. The Group will proactively adapt to the government's planning by implementing innovation-driven development strategies and strengthening its technological innovation. It will also exert great efforts in developing its agricultural internet finance business, striving to establish a new and modern agricultural internet finance system that is standardized, systematic, informational, intelligent and finance-based with a focus on the quality and safety of agricultural products. The Group will also expand the scope of cooperation with domestic well-known agricultural product wholesale markets with a view to establishing an electronic system for agricultural product wholesale markets and circulating big data of agricultural products.



## Management Discussion and Analysis (Continued)

### FINANCIAL AND BUSINESS REVIEW (Continued)

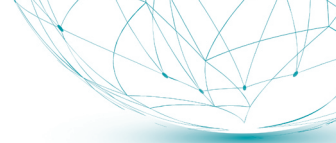
For the global petrochemical industry, international crude oil prices continued to hover at a low level in the first half of 2016 while the overall demand for the petrochemical industry remained weak. The Group has promoted the accelerated transformation and upgrade of its related business structures through actively adjusting its product structure, especially for products such as chemical fertilizers that are closely related to the agricultural sector, and the comprehensive strategies adopted include expanding marketing channels, optimizing risk control and strengthening strategic cooperation. In view of this and in order to better and more clearly interpret the future development strategies of the Company for the investors, the Group has refined and adjusted its existing business sector of “petrochemical products supply chain services business” and changed it into “agricultural and petrochemical products supply chain services business”. During the reporting period, the Group focused on the transformation and upgrade of agricultural product structure and business, which will instill new momentum for the Group’s agricultural and petrochemical products supply chain services business in the future.

For road and bridge construction business, seizing the opportunities brought by the One Belt and One Road (OBOR) policy, the Group further expanded its domestic businesses to match with its outstanding performance in the past and strived to expand its road and bridge construction business in various cities in China. The business has maintained a considerable number of contracted projects throughout the period and recorded stable profit growth.

## Management Discussion and Analysis (Continued)

### FINANCIAL AND BUSINESS REVIEW (Continued)

During the period under review, turnover of the Group was approximately RMB2,331,650,000, representing a decrease of approximately 39% as compared to the same period last year. During the period under review, the Group recorded a gross profit of approximately RMB164,808,000, representing a decrease of approximately 10% as compared to the same period last year. Profit attributable to owners of the Group was approximately RMB74,827,000, representing a decrease of approximately 9% as compared to the same period last year. The temporary decrease in turnover and profit was mainly attributable to the Group's integration of the resources of its current business sectors to focus on the development of the agricultural internet finance business. Turnover of the agricultural internet finance business was approximately RMB14,027,000 during the period; and the gross profit was approximately RMB14,027,000. Turnover of agricultural and petrochemical products supply chain services business was approximately RMB1,797,538,000, representing a decrease of approximately 47% as compared to the same period last year, and gross profit was approximately RMB31,922,000. The decrease in turnover of this sector was mainly attributable to the adjustment on product offerings of the Group's business since January 2016. Turnover of the road and bridge construction business was approximately RMB520,085,000, representing an increase of approximately 26% as compared to the same period last year, and gross profit was approximately RMB118,859,000, representing a year-on-year increase of approximately 51%, which was a substantial increase as compared to the same period last year. Despite the decline in profit during the period, due to effective capital management, equity attributable to owners of the Group at the end of the period was approximately RMB2,905,728,000, representing a significant increase of 96% as compared to 31 December 2015. The significant increase in equity attributable to owners was mainly due to the completion of subscription and placing of H shares by the Group during the period, details of which are set out in the announcement of the Company dated 1 April 2016. Benefitted from this, share capital of the Group had significantly increased by RMB203 million with an increase in share premium of approximately RMB1,100 million. This has not only resulted in significant improvement of the Group's liquidity as well as its debt servicing ability, but also demonstrated the confidence of shareholders placed in the Group's strategic development in the future. In addition, as at 30 June 2016, debt asset ratio of the Group was approximately 47%, representing a significant decrease of 25% as compared to 31 December 2015. The Management believe that the Group's results will get improved by leveraging such a sound financial position and abundant capital resources in the second half of the year.



## Management Discussion and Analysis (Continued)

### BUSINESS OPERATIONS

In the first half of 2016, the Group seized the market opportunities to develop the layout for the agricultural finance business in advance and strived for developing the Chinese agricultural wholesale market into a more computerized, informational and finance-based market. In the previous year, Shenzhen Dasheng Financial Holding Company Limited, a direct wholly-owned subsidiary of the Group, jointly announced with the Company that Shanghai Runtong, a third party payment platform company acquired by the Group, would enter into cooperation agreements with Zhebei Agricultural By-products Trading Center in Huzhou City, Zhejiang Province, Agricultural By-products Wholesale Market in Zhenjiang City, Jiangsu Province, Xinghui Agricultural Product Wholesale Market in Xinyu City, Jiangxi Province and Sheng Feng Agricultural Product Wholesale Market in Meishan City, Sichuan Province for the proposed formation of JV Data Companies. The JV Data Companies would proactively deepen the cooperation in the agricultural product wholesale market sector and provide the relevant financial value-added services to the parties in need of capital with the help of enormous volume of transaction data. It is believed that the massive transaction data flows and large scale of transaction will bring sustainable and stable income to the finance services business of the Group. So far, the JV Data Companies have been established under the cooperation with Zhenjiang and Meishan Agricultural Product Wholesale Markets, laying a big data foundation for the development of finance services in subsequent periods.

As for agricultural and petrochemical products supply chain services, the Group has adjusted the product mix and increased the trading size of products such as chemical fertilizers that are closely related to the agricultural sector. Meanwhile, leveraging its extensive experience and advantages in terms of channel size, the Group has been actively diversifying and optimizing the product structure, and has preliminarily established a fairly competitive trading offerings and business scale.

The road and bridge construction business of the Group also maintained stable development. The road and bridge construction business of the Group mainly comprises the construction and maintenance of highways and bridges. The Company possesses first-class highway construction qualification and first-class municipal utility construction contractor qualification for undertaking expressway, roadbed, bridge and municipal construction projects across the country. Leveraging the solid technical advantages and extensive project experience accumulated over the years in road and bridge construction business, the Group continuously explored new markets and brought stable momentum to promote sound development of the Group's road and bridge construction business and growth of projects.



## Management Discussion and Analysis (Continued)

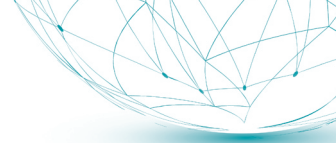
### AGRICULTURAL INTERNET FINANCE BUSINESS

The Group actively responded to the 13th Five-Year Plan in China by driving development with innovation-based approach and focusing on the innovative development of the industry, so as to lead the growth of the Group by leveraging innovative forces and its own advantages. In the first half of 2016, the Group was committed to expanding its businesses in the agricultural internet finance sector and actively seeking for opportunities to develop its agricultural financial business. Such efforts included the commencement of in-depth cooperation with various well-known agricultural product wholesale markets in China, the formation of the JV Data Companies and integration of the data of electronic transaction system to accurately provide the agricultural product wholesale market and farmers in the market with ancillary finance services such as financing and leasing.

As of 30 June 2016, turnover of the Group's agricultural internet finance business was approximately RMB14,027,000 while the gross profit was approximately RMB14,027,000, representing approximately 0.6% of the total turnover and 9% of the total gross profit of the Group respectively. Pursuant to the cooperation agreements, the JV Data Companies proposed to be formed by the Group and certain agricultural product wholesale markets will be principally engaged in the business of development and provision of computer software and technology information consultation and financial service. Looking forward, the Group will continue to actively expand its business in the agricultural internet finance sector and will be committed to building an integrated agricultural internet finance platform by focusing on the cooperation with agricultural products wholesale market. The close cooperation between the JV Data Companies and the financial services company will bring long-term and stable income to the Group in the future.

### AGRICULTURAL AND PETROCHEMICAL PRODUCTS SUPPLY CHAIN SERVICES BUSINESS

In the first half of 2016, the prices of petrochemical products experienced continuous decrease as affected by the volatility of international crude oil prices and sluggish downstream demands. While maintaining stable operations and adopting significant risk prevention measures, the Group actively sought for structural transformation and adjusted its business structures. Meanwhile, in order to adapt to the national economic conditions and seize the opportunities posed by the "Farmers, Villages and Agricultural Industry" reform, the Group has placed particular emphasis on strengthening its agricultural products supply chain services. During the reporting period, the Group contracted accumulated sales orders in the chemical fertilizer business of over RMB900 million, with most of the business partners being well-established enterprises in the industry.



## Management Discussion and Analysis (Continued)

### AGRICULTURAL AND PETROCHEMICAL PRODUCTS SUPPLY CHAIN SERVICES BUSINESS (Continued)

2016 is a crucial year for the 13th Five-Year Plan in China. The Group will, on the back of its core competence of excellent ability in industry consolidation and business portfolio optimization, seize the opportunities emerged during the policy reform of the market to carry out the transformation and upgrade of its supply chain services business, making its best endeavors to realize remarkable operating results by enriching product offerings innovating management systems, continually enhancing and refining the company's core competence from the perspective of market demand and consumption trend.

As of 30 June 2016, turnover of the Group's agricultural and petrochemical products trading business was approximately RMB1,797,538,000 (30 June 2015: approximately RMB3,418,713,000 (restated)), accounting for approximately 77% of the Group's total turnover. Gross profit was approximately RMB31,922,000 (30 June 2015: approximately RMB103,666,000), representing a year-on-year decrease of approximately 69%. The decrease in gross profit was attributable to the significant adjustment of the product structure and offerings of the Group's petrochemical products.

### ROAD AND BRIDGE CONSTRUCTION BUSINESS

During the first half of 2016, the adjustment of industrial structure in China has sped up while the transformation and upgrade were making significant progress. Benefitted from the OBOR strategy of the PRC government, the demand for contractors of infrastructure construction and high-grade highways has increased rapidly. The Group actively undertakes large-scale projects, upon which it will prioritize regions supported by governments with solid financial strengths for tenders and construction, strictly control the relevant risks, so as to ensure a steady growth in business and profit of the Group.

As of 30 June 2016, turnover of the Group's road and bridge construction business was approximately RMB520,085,000 (30 June 2015: approximately RMB411,386,000), accounting for approximately 22% of the Group's total turnover, and gross profit was approximately RMB118,859,000 (30 June 2015: approximately RMB78,552,000), representing a year-on-year increase of approximately 51%, whereas gross profit margin increased steadily from approximately 19% in the same period last year to approximately 23% in this reporting period. The increase was mainly attributable to further enhancement of management standard of the business in 2015 and change in certain types of road and bridge construction works as compared to the same period last year. As at 30 June 2016, the backlog of bid winning contracts for road and bridge construction business not yet recognized as revenue amounted to approximately RMB1.676 billion, most of which will be completed within the next 6 to 18 months and will bring stable capital inflows to the Group for future operations.

## Management Discussion and Analysis (Continued)

### OTHER INCOME AND GAINS

For the six months ended 30 June 2016, the Group's other income and gains were approximately RMB10,095,000 (six months ended 30 June 2015: approximately RMB8,247,000).

### DISTRIBUTION COSTS

For the six months ended 30 June 2016, the Group's distribution costs were approximately RMB3,175,000 (six months ended 30 June 2015: approximately RMB9,883,000), representing an decrease of approximately 68% as compared with last year, which was attributable to decrease in its own logistics cost.

### ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2016, administrative expenses of the Group were approximately RMB39,165,000 (six months ended 30 June 2015: approximately RMB35,643,000). The increase in administrative expenses of the group during the period was attributable to the scale expansion of the Group.

### FINANCE COSTS

The finance costs for the six months ended 30 June 2016 were approximately RMB24,358,000, representing a significant decrease of approximately 34% compared to RMB36,751,000 of the corresponding period of last year, which was mainly due to the decrease in the balance of interest-bearing loans.

### PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the six months ended 30 June 2016, the profit attributable to owners of the Company was approximately RMB74,827,000 (six months ended 30 June 2015: approximately RMB82,297,000), representing a decrease of approximately 9% as compared with the corresponding period of last year. The basic and diluted earnings per share attributable to owners of the Company during the period were approximately RMB0.024 (six months ended 30 June 2015: approximately RMB0.03 (restated)), representing a decrease of approximately 20% as compared with the corresponding period of last year, which was impacted by the issuance of shares during the period.



## Capital Structure, Liquidity and Financial Resources

### CAPITAL STRUCTURE

As of 30 June 2016, the Group had total assets less current liabilities of approximately RMB3,218,646,000 (31 December 2015: approximately RMB1,810,358,000), including non-current assets of approximately RMB1,147,908,000 (31 December 2015: RMB1,094,135,000) and net current assets of approximately RMB2,070,738,000 (31 December 2015: approximately RMB716,223,000).

As of 30 June 2016, the Group's equity attributable to owners of the Company was approximately RMB2,905,728,000, representing a huge increase of approximately 96% as compared to that of 31 December 2015, which was mainly attributable to the completion of placing and subscription of H shares of the Company during the reporting period.

### LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2016 and 31 December 2015, the Group had restricted bank deposits and cash and cash equivalents of approximately RMB467,716,000 and RMB466,317,000, respectively.

As of 30 June 2016 and 31 December 2015, the Group had long-term borrowings of approximately RMB43,724,000 and RMB31,667,000, respectively. And had short-term borrowings of approximately RMB659,100,000 and RMB1,021,200,000, respectively.

Debt to asset ratio as of 30 June 2016 and 31 December 2015 were approximately 47% and 72%, respectively. Debt to asset ratio was calculated as the percentage of total liabilities divided by total assets.

### FOREIGN EXCHANGE RISK

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

### PLEDGE OF ASSETS

As of 30 June 2016, payments for leasehold land held for own use under operating leases with a net book value of approximately RMB9,024,000 (31 December 2015: approximately RMB8,220,000) were pledged as security for the Group's bank borrowings. As of 30 June 2016, the Group had restricted bank deposits of approximately RMB231,954,000 (31 December 2015: approximately RMB251,375,000) as collateral for the bank borrowings and the issuance of commercial notes, performance bonds and bid bonds to customers.

## Capital Structure, Liquidity and Financial Resources (Continued)

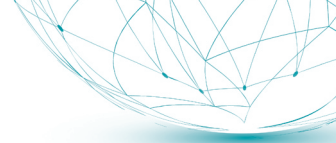
### EMPLOYEE INFORMATION

As at 30 June 2016, the Group had 415 employees. During the period under review, total employee remuneration (including directors' remuneration) amounted to approximately RMB16,730,000 (six months ended 30 June 2015: approximately RMB9,563,000). Employees' remuneration is determined by reference to industry practice as well as the performance, qualification and working experience of individual employee. Remuneration packages comprised basic salary, discretionary bonus, state-managed retirement benefit schemes for employees in the PRC and mandatory provident funds schemes for employees in Hong Kong.

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

On 8 January 2016, the Group (as Purchaser), entered into a sale and purchase agreement with Crown Castle Limited (as Vendor) in relation to the acquisition of additional 12.5% equity interests of the Company's then 53% owned subsidiary, Ever Fortune Financial Leasing Co., Ltd. ("Ever Fortune"), at a consideration of RMB25 million. At the same date, the Group entered into a joint venture agreement among the vendor and the other shareholder of Ever Fortune to agree the capital injection to Ever Fortune. Pursuant to the joint venture agreement, the Group agreed to invest RMB234 million in cash to Ever Fortune. Since one of the shareholders will not inject any capital, the shareholding of the Group to Ever Fortune will increase to 73% after the acquisition of 12.5% equity interests and capital injection. The acquisition and capital injection was subsequently completed on March 2016. Details of which are set out in the announcements of the Company dated 8 January 2016 and 15 March 2016.

On 6 June 2016, the Group completed the formation of two joint venture companies, Fujian Ruiying Financial Leasing Company Limited ("Fujian JV") and Ever Fortune (Xiamen) Financial Leasing Co., Ltd. ("Xiamen JV") with a registered capital of RMB200 million and RMB500 million, respectively. The Company indirectly owns as to 79.75% equity interests of each of Fujian JV and Xiamen JV. Details of which are set out in the announcements of the Company dated 19 April 2016 and 6 June 2016.



## Use of Proceeds from the Placing and the Subscription of H Shares

The net proceeds from the subscription as well as the placing of the Company's H shares during the reporting period, after deducting share issuance expenses, amounted to approximately HKD1,615 million. As at 30 June 2016, the Group had used approximately HKD560 million for expanding its financing business, approximately HKD113 million for expanding trading business in agricultural products, approximately HKD600 million for repayment of the indebtedness and approximately HKD94 million for general working capital purposes of the Group. The remaining balance of the net proceeds was placed in bank deposit accounts. The Group will apply the remaining net proceeds in the manner set out in the announcements of the Company dated 31 March 2016 and 16 May 2016 in relation to the change in use of proceeds from subscription and placing.

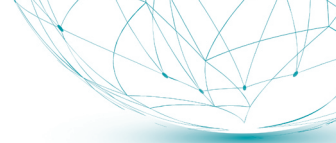
## Prospect

2016 is a crucial period for the 13th Five-Year Plan and OBOR. As China's economy has entered the "new normal" phase, the growth of agricultural profit has slowed down. Seeking new drivers for the economic growth has become a general trend. During the Two Sessions in 2016, the Chinese government would promote the "Supply Side" economic structural reform on agriculture, upgrade economic reform, accelerate the process of poverty-relief among agricultural population and focus on integrating agriculture with internet finance as its key tasks. Confronted with opportunities and challenges, the Group will step up its efforts to develop agricultural internet finance and coordinate the resources of the existing business segments to create synergy under mutual support. Meanwhile, the Group will capitalize on the advantages arising from various favourable policies such as "National Rural Reform", "Agricultural Modernization" and "Internet+" to set up an enormous agricultural electronic trading and settlement system, improve the currently dispersed and disordered circulation of the traditional agricultural market and establish a digitalized, informational, centralized and intelligent trading platform with internet connectivity. The operation chain will be shortened through efficient circulation, which will in turn bring convenience to farmers and consumers and maximize the interest of both the Group and the consumers.

## Prospect (Continued)

For the agricultural internet finance business, the effect of the Group's long-term plan for agricultural internet finance business has started to emerge, and the Group has now formed strategic partnership with leading agricultural product wholesale markets in China. In the future, the Group will focus on the agricultural product wholesale markets. Leveraging solid industrial foundation, the Group could rapidly expand the scale of its partner base and introduce an electronic settlement system so that the transaction patterns of agricultural product wholesale markets can be improved while flows of transactions, information and capital can converge for continuous expansion of big data. In the future, big data will be used as guidance for global transactions of agricultural products and resources allocation, which may facilitate monitoring and tracking of agricultural products in all stages, ensure food safety and at the same time providing data support for the development of agricultural internet finance services of the entire industry chain. In addition, through the provision of generally beneficial and differentiated services by big data of internet finance, the Group's status in the industry could be consolidated with corporate upgrade. Meanwhile, based on the in-depth understanding on the relevant data and industrial chain, the Group could overcome information asymmetry and enhance efficiency of risk control so as to effectively facilitate the commencement of financial business and establish intelligent agricultural product wholesale markets in China with its best endeavors. The Group will from time to time review the existing business and identify new agricultural internet finance projects with potentials in order to provide new and sustainable drivers for the Group's overall performance.

For agricultural and petrochemical products supply chain services, the Group will continue to focus on the diversified development of the agricultural and petrochemical products business. The Group will focus on its group companies and use capital contribution as bonding tools, aiming to realize optimal allocation of different resources by fully leveraging the advantages and brand influence of the members of the Group in terms of capital, market, information technology and human resources. It will also push forward the structural adjustment of agricultural and petrochemical products by focusing on the expansion of chemical fertilizers business that is related to the agricultural sector and continue to enhance the Group's risk tolerance, thereby maximizing the interests of the Group. In the future, the Group will also carry out transformation and upgrade with agricultural and petrochemical products supply chain services as its key focus, constantly striving to achieve breakthroughs on the existing models and attaining more remarkable results in the aspect of agricultural and petrochemical products supply chain services.



## Prospect (Continued)

For road and bridge construction business, the Group will continue to adhere to OBOR strategy to intensively explore the Chinese market, in conjunction with the PPP model, a new development model introduced by the nation, the Group will strive to innovate the business development model. Meanwhile, the Group will focus on key project constructions and place great emphasis on both the safety and quality by reinforcing its management control and maintaining and enhancing the construction management standards. In the future, the Group will continue to enhance the industrial quality, respond to the national grand strategies and closely collaborate with certain large state-owned enterprises to achieve leapfrog development of business.

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

At 30 June 2016, the interests or short positions of the directors (the "Directors"), chief executives and supervisors (the "Supervisors") of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required, (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept under section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:



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

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

Name of Directors/Supervisor	Type of shares	Capacity	Total number of shares and underlying shares	Approximate percentage of shareholding in such class of shares of the Company	Approximate percentage of shareholding in the issued shares capital of the Company
1. Mr. Lan Huasheng (Executive Director)	domestic shares	Interest in controlled corporation (note 1)	912,009,027 (L)	58.24%	17.92%
	H shares	Interest in controlled corporation (note 1)	1,500,000,000 (L)	42.58%	29.48%
2. Mr. Lu Tingfu (Supervisor)	domestic shares	Interest in controlled corporation (note 1)	912,009,027 (L)	58.24%	17.92%
	H shares	Interest in controlled corporation (note 1)	1,500,000,000 (L)	42.58%	29.48%
3. Mr. Wang Liguo (Executive Director)	domestic shares	Interest in controlled corporation (note 2)	653,990,973 (L)	41.76%	12.85%

L = Long position

Notes:

- (1) Shenzhen Dasheng Agricultural Group Co., Ltd. ("Shenzhen Dasheng") and Hong Kong Dasheng Investment Holdings Company Limited ("HK Dasheng Investment") hold 912,009,027 domestic shares and 1,500,000,000 H shares of the Company, respectively. As HK Dasheng Investment is wholly owned by Shenzhen Dasheng, which in turn is owned as to 70% by Shenzhen Qianhai Dasheng Equity Investment Fund Co., Ltd. ("Qianhai Dasheng") and 30% by Dasheng Holdings Limited ("Dasheng Holdings"), and each of Qianhai Dasheng and Dasheng Holdings is owned as to 70% and 30% by Mr. Lan Huasheng and Mr. Lu Tingfu, respectively. By virtue of the SFO, Mr. Lan Huasheng and Mr. Lu Tingfu are deemed to be interested in 912,009,027 domestic shares and 1,500,000,000 H shares of the Company held by Shenzhen Dasheng and HK Dasheng Investment, respectively. The 912,009,027 domestic shares are charged by Shenzhen Dasheng in favour of a third party as security for a loan, and the loan amount is for Shenzhen Dasheng's own use.
- (2) Zhenjiang Runde Equity Investment Fund Ltd. ("Zhenjiang Runde") is wholly owned by Mr. Wang Liguo. By virtue of the SFO, Mr. Wang Liguo is deemed to be interested in 653,990,973 domestic shares of the Company held by Zhenjiang Runde.

## Substantial Shareholders' Interests and Other Persons' Interests and Short Positions in Shares and Underlying Shares

At 30 June 2016, the persons (not being a Director, Supervisor or chief executive of the Company) or companies had interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept under section 336 of the SFO, or who were directly and/or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were listed as follows:

Name of Shareholders	Type of shares	Capacity	Total number of shares and underlying shares	Approximate percentage of shareholding in such class of shares of the Company	Approximate percentage of shareholding in the issued shares capital of the Company
1. Qianhai Dasheng	domestic shares	Interest in controlled corporation (note)	912,009,027 (L)	58.24%	17.92%
	H shares	Interest in controlled corporation (note)	1,500,000,000 (L)	42.58%	29.48%
2. Dasheng Holdings	domestic shares	Interest in controlled corporation (note)	912,009,027 (L)	58.24%	17.92%
	H shares	Interest in controlled corporation (note)	1,500,000,000 (L)	42.58%	29.48%
3. Shenzhen Dasheng	domestic shares	Beneficial owner (note)	912,009,027 (L)	58.24%	17.92%
	H shares	Interest in controlled corporation (note)	1,500,000,000 (L)	42.58%	29.48%
4. HK Daesheng Investment	H shares	Beneficial owner	1,500,000,000 (L)	42.58%	29.48%
5. Zhenjiang Runde	domestic shares	Beneficial owner	653,990,973 (L)	41.76%	12.85%
6. 北京信宸股權投資基金(有限合伙)	H shares	Beneficial owner	296,000,000 (L)	8.40%	5.81%

L = Long position

Note: HK Dasheng Investment is wholly owned by Shenzhen Dasheng, which in turn is owned as to 70% by Qianhai Dasheng and 30% by Dasheng Holdings, and each of Qianhai Dasheng and Dasheng Holdings is owned as to 70% and 30% by Mr. Lan Huasheng and Mr. Lu Tingfu, respectively. By virtue of the SFO, Qianhai Dasheng and Dasheng Holdings are deemed to be interested in 912,009,027 domestic shares and 1,500,000,000 H shares of the Company held by Shenzhen Dasheng and HK Dasheng Investment, respectively, and Shenzhen Dasheng is deemed to be interested in the 1,500,000,000 H shares held by HK Dasheng Investment.

The 912,009,027 domestic shares held by Shenzhen Dasheng are charged by Shenzhen Dasheng in favour of a third party as security for a loan, and the loan amount is for Shenzhen Dasheng's own use.

## **Directors' and Supervisors' right to acquire shares or debentures**

None of the Directors and Supervisors or their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right during the period ended 30 June 2016.

## **Corporate Governance**

The Company is committed to maintaining high standards of corporate governance and business ethics. The Company recognizes that sound and effective corporate governance practices are essential for maintaining and promoting investors' confidence and maximizing shareholders' wealth.

Throughout the six months ended 30 June 2016, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules.

## **Model code for securities transactions**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Following a specific enquiry, all the Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2016.

## **Purchase, Sales or Redemption of Listed Securities**

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.



## Audit Committee

The audit committee (“Audit Committee”) was formed in 2005 and the terms of reference of Audit Committee are aligned with the code provisions in the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and monitor the financial reporting process and internal controls system of the Group. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Chung Cheuk Ming, Ms. Pan Min (retired on 23 August 2016), Mr. Yang Gaoyu (appointed on 23 August 2016) and Mr. Zhou Jianhao and one non-executive Director, Mr. Zhu Tianxiang. The chairman of the Audit Committee is Mr. Chung Cheuk Ming.

The Audit Committee, together with the management of the Company, has reviewed the Group’s unaudited condensed consolidated interim financial statements for the six months ended 30 June 2016 and had the opinion that the preparation of the interim report is in compliance with the applicable accounting standards and requirements.

## Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

## Directors’ Interest in a Competing Business

None of the Directors or any of their respective associates had an interest in a business which competes or may compete with the business of the Group.

## Change in Information of Directors Pursuant to 13.51(B)(1)

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of Directors since the date of the 2015 annual report of the Company which are required to be disclosed are set out as follows:

With effect from 6 May 2016, the director’s fee of each of Ms. Pan Min and Mr. Zhou Jianhao has been revised to RMB72,000 per annum. The director’s fee of Mr. Chung Cheuk Ming has been revised to HKD100,800 per annum, which were determined with reference to the prevailing market conditions.

Saved as disclosed above, the Company is not aware of other information required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

## Appreciation

On behalf of the Board, I wish to express my sincere gratitude to the Board members, the management and the staff of the Group for their industrious performance and dedication during the past half year, and to the shareholders and business partners for their continuous support for the Group.

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

Shanghai, the PRC, 30 August 2016