



共建核心動力

BUILDING INDIVISIBLE POWER

Interim Report 2017 中期報告



上海大生農業金融科技股份有限公司
Shanghai Dasheng Agriculture Finance Technology Co., Ltd.

(a joint stock company incorporated in the People's Republic of China with limited liability)
(於中華人民共和國註冊成立之股份有限公司)

Stock code 股份代號 : 1103

Our Core Value 我們的 核心價值

Looking into the future, Dasheng Agriculture Finance will promote the enterprise core values of "Cooperation, Essence and Sharing", and recognize "Sense of Belonging, Sense of Honor, and Sense of Achievement" as the spiritual pursuit of all the Dasheng staff, to achieve a win-win situation by working together with partners from all sectors, thus creating better performance and delivering greater returns for our shareholders.

面向未來，大生農業金融將發揚“合耕力、取精華、利益衆食”的企業核心價值理念，以“歸屬感、榮譽感、成就感”作為全體大生人追求的精神，與各界朋友攜手共贏，努力創造更好的企業業績，為股東贏得更好的投資回報。



Financial Summary

For the six months ended 30 June 2017

	For the six months ended 30 June		
	2017	2016	Change
	RMB'000	RMB'000	
Turnover	9,300,576	2,331,650	299%
Gross Profit	376,203	164,808	128%
Profit for the period	216,912	94,688	129%
Attributable to:			
– Equity Holders of the Company	202,925	74,827	171%
Earnings Per Share (RMB) (Restated)			
– Basic	0.026	0.011	136%
– Diluted	0.026	0.011	136%

As at the period/year end

	30 June	31 December	Change
	2017	2016	
	RMB'000	RMB'000	
Total assets	10,164,767	9,424,561	8%
Net current assets	2,193,841	1,799,686	22%
Total liabilities	5,875,007	6,062,239	-3%
Total Equity	4,289,760	3,362,322	28%



Corporate Information

BOARD OF DIRECTORS

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

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Shanghai, PRC

PLACE OF BUSINESS IN HONG KONG

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Convention Plaza Office Tower
No. 1 Harbour Road
Wan Chai
Hong Kong

COMPANY WEBSITE

www.dsgd-sh.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*)
Zhu Tianxiang
Yang Gaoyu
Zhou Jianhao

MEMBERS OF THE REMUNERATION AND ASSESSMENT COMMITTEE

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

MEMBERS OF THE 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
Bank of Shanghai
SPD Bank

STOCK CODE

1103



The board of directors (the “Board”) of Shanghai Dasheng Agriculture Finance Technology Co., Ltd. (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (together the “Group”) for the six months ended 30 June 2017 together with comparative unaudited figures for the corresponding periods in 2016.

Condensed Consolidated Statement of Comprehensive Income – Unaudited

	Note	For the six months ended 30 June	
		2017 Unaudited RMB'000	2016 Unaudited RMB'000
Turnover	3	9,300,576	2,331,650
Cost of sales		(8,924,373)	(2,166,842)
Gross profit		376,203	164,808
Other income and gains	3	16,359	10,095
Distribution costs		(11,720)	(3,175)
Administrative expenses		(61,022)	(39,165)
Share of (loss)/profit of associates		(199)	7,052
Finance costs	5	(32,245)	(24,358)
Profit before income tax expense	6	287,376	115,257
Income tax expense	7	(70,464)	(20,569)
Profit for the period		216,912	94,688
Other comprehensive income			
Items that may be reclassified to profit or loss:			
– Exchange differences on translating foreign operations		(203)	(1,136)
Total comprehensive income for the period		216,709	93,552
Profit for the period attributable to:			
– Owners of the Company		202,925	74,827
– Non-controlling interests		13,987	19,861
		216,912	94,688
Total comprehensive income for the period attributable to:			
– Owners of the Company		202,722	73,691
– Non-controlling interests		13,987	19,861
		216,709	93,552
Basic and diluted earnings per share for profit attributable to owners of the Company during the period (restated) (expressed in RMB per share)	8	0.026	0.011

Condensed Consolidated Statement of Financial Position

	<i>Note</i>	As at 30 June 2017 Unaudited RMB'000	As at 31 December 2016 Audited RMB'000
ASSETS			
Non-current assets			
Payments for leasehold land held for own use under operating leases		29,443	8,926
Property, plant and equipment		236,951	112,178
Construction in progress		342	–
Investment property		493,894	21,317
Intangible assets		506,321	446,462
Interests in associates		86,589	93,389
Available-for-sale financial assets		24,050	14,050
Trade and other receivables	11	1,112,921	925,418
Deferred tax assets		18,798	11,502
R&D assets		2,742	–
Total non-current assets		2,512,051	1,633,242
Current assets			
Inventories	10	95,551	49,541
Trade and other receivables	11	5,420,747	6,067,854
Amounts due from customers for contract work		345,006	28,185
Restricted bank deposits		412,663	419,855
Cash and cash equivalents		1,340,969	1,225,884
Available-for-sale financial asset		37,780	–
Total current assets		7,652,716	7,791,319
Total assets		10,164,767	9,424,561



Condensed Consolidated Statement of Financial Position (Continued)

	Note	As at 30 June 2017 Unaudited RMB'000	As at 31 December 2016 Audited RMB'000
LIABILITIES			
Current liabilities			
Trade and other payables	12	3,480,687	4,162,742
Amounts due to customers for contract work		4,654	35,202
Borrowings	13	1,901,333	1,707,746
Current tax liabilities		72,201	85,943
Total current liabilities		5,458,875	5,991,633
Net current assets		2,193,841	1,799,686
Total assets less current liabilities		4,705,892	3,432,928
Non-current liabilities			
Borrowings	13	300,000	–
Deferred tax liabilities		116,132	70,606
Total non-current liabilities		416,132	70,606
Total liabilities		5,875,007	6,062,239
NET ASSETS			
Capital and reserves attributable to owners of the Company			
Share capital	14	863,308	763,308
Reserves		2,901,372	2,308,553
Equity attributable to owners of the Company		3,764,680	3,071,861
Non-controlling interests		525,080	290,461
TOTAL EQUITY		4,289,760	3,362,322

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	Available-for-sale investments 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 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)	-	82,297	82,296	11,151	93,447
2015 final dividend declared	-	-	-	-	-	-	(50,905)	(50,905)	-	(50,905)
Rights issue	63,192	327,528	-	-	-	-	-	390,720	-	390,720
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
Balance at 1 January 2017 (audited)	763,308	1,294,379	152,038	17,912	(7,868)	4,928	847,164	3,071,861	290,461	3,362,322
Profit for the period	-	-	-	-	-	-	202,925	202,925	13,987	216,912
Exchange differences on translating foreign operations	-	-	-	-	(203)	-	-	(203)	-	(203)
Total comprehensive income for the period	-	-	-	-	(203)	-	202,925	202,722	13,987	216,709
Subscription of new shares (note 14)	100,000	470,800	-	-	-	-	-	570,800	-	570,800
Acquisition of additional equity interests in a subsidiary	-	-	-	-	-	912	4,716	5,628	(5,628)	-
Acquisition of a subsidiary (note 15)	-	-	-	-	-	-	-	-	226,260	226,260
2016 final dividend declared	-	-	-	-	-	-	(86,331)	(86,331)	-	(86,331)
Balance at 30 June 2017 (unaudited)	863,308	1,765,179	152,038	17,912	(8,071)	5,840	968,474	3,764,680	525,080	4,289,760



Condensed Consolidated Statement of Cash Flows – Unaudited

	For the six months ended 30 June	
	2017 Unaudited RMB'000	2016 Unaudited RMB'000
Net cash used in operating activities	(742,422)	(987,333)
Net cash used in investing activities	(206,880)	(92,360)
Net cash from financing activities	1,064,387	952,878
Net increase/(decrease) in cash and cash equivalents	115,085	(126,815)
Cash and cash equivalents at beginning of the period	1,225,884	362,577
Cash and cash equivalents at end of the period	1,340,969	235,762



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 2017 (“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 2016, except for those accounting policy changes that are expected to be reflected in the 2017 annual financial statements as described in note 2.

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Statements contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2016 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The Interim Financial Statements is unaudited, but has been reviewed by the Company’s audit committee.

The financial information relating to the financial year ended 31 December 2016 that is included in the Interim Financial Statements as comparative information does not constitute the Group’s annual consolidated financial statements prepared under HKFRS for that financial year but is derived from those financial statements. The Group’s financial information relating to the financial year ended 31 December 2016 which is included in the annual report for the year ended 31 December 2016 is available at the Company’s registered office. The independent auditor has expressed an unqualified opinion on those financial statements in the independent auditor’s report included in the annual report for the year ended 31 December 2016.

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

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this Interim Financial Statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.



3. TURNOVER AND OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Turnover:		
Road and bridge construction	551,609	520,085
Sale of petrochemical products	2,411,387	850,825
Sale of agricultural products	6,175,590	946,713
Financial leasing and commercial factoring	146,415	14,027
Agricultural big-data services	3,967	–
Cold-chain logistic services	11,608	–
	9,300,576	2,331,650
Other income and gains:		
Government grants	3,838	2,645
Interest income	6,906	3,072
Others	5,615	4,378
	16,359	10,095

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 2017, the chief operating decision maker of the Group considered it was optimistic about the future development and prospect of cold-chain logistic services business and acquired new related business during this period, which was considered to enrich the Group's portfolio in such area.

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 2017 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	Agricultural big-data services RMB'000	Cold-chain logistic services RMB'000	Total RMB'000
Total segment revenue	551,609	8,586,977	146,415	3,967	11,608	9,300,576
Inter-segment revenue	-	-	-	-	-	-
Reportable segment revenue from external customers	551,609	8,586,977	146,415	3,967	11,608	9,300,576
Reportable segment profit	84,116	131,726	98,514	1,501	3,963	319,820
Finance (costs)/income	(1,869)	(26,660)	7	-	(3,723)	(32,245)
Share of profit/(loss) of associates	-	(425)	226	-	-	(199)
Profit before income tax expense						287,376
Income tax expense						(70,464)
Profit for the period						216,912

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	-	-	-	-
Reportable segment revenue from external customers	520,085	1,797,538	14,027	2,331,650
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
Profit before income tax expense				115,257
Income tax expense				(20,569)
Profit for the period				94,688



4. SEGMENT INFORMATION (Continued)

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

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

	Six months ended 30 June 2017						Six months ended 30 June 2016				
	Agricultural and petrochemical		Financial leasing and commercial factoring	Agricultural big-data services	Cold-chain logistic services	Total	Agricultural and petrochemical		Financial leasing and commercial factoring	Total	
	Road and bridge construction	products supply chain services					Road and bridge construction	products supply chain services			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Depreciation	3,607	2,470	256	303	4,087	10,723	4,750	3,208	240	8,198	
Amortisation	117	-	2	65	134	319	114	-	-	114	

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 2017 are as follows:

	Agricultural and petrochemical		Financial leasing and commercial factoring	Agricultural big-data services	Cold-chain logistic services	Total
	Road and bridge construction	products supply chain services				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment assets	2,580,040	2,226,996	3,911,821	673,448	772,462	10,164,767
Reportable segment liabilities	1,494,303	2,663,984	1,267,768	318,457	130,495	5,875,007

The reportable segment assets and liabilities at 31 December 2016 are as follows:

	Agricultural and petrochemical		Financial leasing and commercial factoring	Agricultural big-data services	Total
	Road and bridge construction	products supply chain services			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment assets	2,763,822	3,572,530	2,384,374	703,835	9,424,561
Reportable segment liabilities	1,719,913	3,416,160	570,877	355,289	6,062,239

(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	
	2017 RMB'000	2016 RMB'000
Interest expense on borrowing wholly repayable within five years and discounted commercial notes	40,198	26,850
Less: amount capitalised (note)	(7,953)	(2,492)
	32,245	24,358

Note: Borrowing costs capitalised during the period arose on the general borrowings and were calculated by applying a capitalisation rate of approximately 4.35% (six months ended 30 June 2016: 5.23%) 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	
	2017 RMB'000	2016 RMB'000
Depreciation of investment properties and property, plant and equipment	10,723	8,198
Staff costs	43,338	30,730
Cost of inventories recognised as expenses	8,420,183	1,772,869
Operating lease rental expenses in respect of – Land and buildings	6,571	3,534
Reversal of on trade and other receivables, net	(9,334)	(1,109)

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Current income tax		
PRC enterprise income tax	70,464	20,569
Hong Kong profits tax	–	–
	70,464	20,569

Profits of subsidiaries established in the PRC are subject to enterprise income tax at 25% (six months ended 30 June 2016: 25%). Profits of subsidiaries established in Hong Kong are subject to Hong Kong profits tax of 16.5% (six months ended 30 June 2016: 16.5%).



8. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to owners of the Company of RMB202,925,000 (six months ended 30 June 2016: RMB73,691,000) by the weighted average number of ordinary shares in issue throughout the period of 7,951,761,132 shares (six months ended 30 June 2016: 6,821,594,973 shares as restated).

	For the six months ended 30 June	
	2017	2016
Profit attributable to owners of the Company (RMB'000)	202,925	73,691
Weighted average number of ordinary shares in issue (thousands)*	7,951,761	6,821,595
Basic earnings per share (RMB per share)	0.026	0.011

* The weighted average number of ordinary shares for the purpose of basic earnings per share of six months ended 30 June 2016 has been adjusted for the bonus issue completed on 19 September 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 2017 and 2016.

9. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

10. INVENTORIES

	As at 30 June 2017 RMB'000	As at 31 December 2016 RMB'000
Petrochemical products and agricultural products for resale	38,432	32,213
Other construction materials	57,119	17,328
	95,551	49,541

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2017 RMB'000	As at 31 December 2016 RMB'000
Trade receivables	1,385,377	3,319,113
Commercial notes receivable	8,615	1,370
Retention sum for construction contracts	407,029	558,639
Finance lease receivables	259,781	121,696
Factoring loan receivables	3,592,973	2,221,825
	5,653,775	6,222,643
Prepayments and deposits	765,788	755,508
Other receivables	168,022	49,793
Amounts due from associates	230	250
Held-to-maturity financial assets	61,000	61,000
Less: Impairment losses	(115,147)	(95,922)
Total	6,533,668	6,993,272
Classified as:		
Non-current assets	1,112,921	925,418
Current assets	5,420,747	6,067,854
	6,533,668	6,993,272



11. TRADE AND OTHER RECEIVABLES (Continued)

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

	As at 30 June 2017 RMB'000	As at 31 December 2016 RMB'000
Road and bridge construction (note (a))		
Less than 6 months	984,473	663,618
6 months to less than 1 year	92,331	465,200
1 year to less than 2 years	270,005	623,609
2 years to less than 3 years	110,126	220,129
Over 3 years	23,882	3,382
	1,480,817	1,975,938
Agricultural and petrochemical products supply chain services (note (b))		
Less than 31 days	125,532	1,470,597
31 to 60 days	56,092	300,840
61 to 90 days	7,558	1,000
91 days to less than 1 year	56,005	65,294
1 year to less than 2 years	10,471	2,792
2 years to less than 3 years	31,635	39,657
Over 3 years	14,669	12,168
	301,962	1,892,348
Finance lease and commercial factoring business (note (c))		
Less than 6 months	2,888,601	2,143,815
6 months to less than 1 year	920,061	138,266
1 year to less than 2 years	44,092	61,440
	3,852,754	2,343,521
Agricultural big-data services:		
Less than 6 months	186	10,658
6 months to less than 1 year	1,740	178
	1,926	10,836
Cold-chain logistic services		
Less than 6 months	15,756	-
6 months to less than 1 year	310	-
Over 1 year	250	-
	16,316	-
Total	5,653,775	6,222,643

11. TRADE AND OTHER RECEIVABLES (Continued)

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

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

12. TRADE AND OTHER PAYABLES

	As at 30 June 2017 RMB'000	As at 31 December 2016 RMB'000
Trade payables	1,057,977	1,859,358
Notes payable	1,316,536	1,274,126
	2,374,513	3,133,484
Amount due to an associate	271	466
Deposits received	414,287	262,591
Other payables	691,470	765,545
Accruals	146	656
	1,106,174	1,029,258
Total	3,480,687	4,162,742



12. TRADE AND OTHER PAYABLES (Continued)

The ageing analysis of trade payables is as follows:

	As at 30 June 2017 RMB'000	As at 31 December 2016 RMB'000
Road and bridge construction		
Less than 6 months	666,658	702,423
6 months to less than 1 year	1,443	272
1 year to less than 2 years	81,733	156,863
2 years to less than 3 years	13,301	16,470
Over 3 years	22,503	23,457
	785,638	899,485
Agricultural and petrochemical products supply chain services		
Less than 31 days	207,498	622,469
31 to 60 days	55,586	527,863
61 to 90 days	126,859	194,640
91 days to less than 1 year	1,160,766	884,295
1 year to less than 2 years	12	10
2 years to less than 3 years	20	189
Over 3 years	457	282
	1,551,198	2,229,748
Provision of agricultural big data services:		
Less than 31 days	739	4,251
	739	4,251
Finance Lease and commercial factoring business		
Less than 6 months	20,000	–
	20,000	–
Cold-chain logistic services		
Less than 31 days	2	–
31 to 60 days	104	–
61 to 90 days	–	–
91 days to less than 1 year	11,669	–
1 year to less than 2 years	234	–
2 years to less than 3 years	4,929	–
	16,938	–
Total	2,374,513	3,133,484

13. BORROWINGS

	As at 30 June 2017 RMB'000	As at 31 December 2016 RMB'000
Bank borrowings		
Secured – interest-bearing loans	734,698	510,258
Unsecured – interest-bearing loans	692,950	898,400
	1,427,648	1,408,658
Other borrowings		
Secured – interest-bearing loans	773,685	–
Unsecured – interest-bearing loans	–	299,088
	2,201,333	1,707,746

At 30 June 2017 and 31 December 2016, total borrowings of the Group were repayable as follows:

	As at 30 June 2017 RMB'000	As at 31 December 2016 RMB'000
On demand or within one year	1,901,333	1,707,746
More than two years, but not exceeding five years	300,000	–
	2,201,333	1,707,746



14. SHARE CAPITAL

	Number of ordinary shares	Amount RMB'000
Authorised, issued and fully paid:		
Ordinary share of RMB0.1 each		
At 1 January 2016	3,054,319,875	305,432
Placing and subscription of shares	2,034,400,000	203,440
At 30 June 2016	5,088,719,875	508,872
Bonus issue (<i>note i</i>)	2,544,359,937	254,436
At 31 December 2016 and 1 January 2017	7,633,079,812	763,308
Subscription of shares (<i>note ii</i>)	1,000,000,000	100,000
At 30 June 2017	8,633,079,812	863,308

- i Pursuant to the special resolution passed at the annual general meeting and respective class meetings of the Company on 23 August 2016, 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 4 September 2016. On 19 September 2016, a total of 2,544,359,937 bonus shares which comprised 1,761,359,937 bonus H shares and 783,000,000 bonus domestic shares were issued.
- ii On 27 February 2017, the board of the Company announced that all conditions to the Subscription Agreement dated 27 October 2016 have been fulfilled and completion of the Subscription took place. Pursuant to the Subscription Agreement, 1,000,000,000 new Domestic Shares have been duly allotted and issued as fully paid to Subscribers. Accordingly, immediately after completion of the Subscription, the registered capital of the Company became approximately RMB863,307,981.2 which was divided into 3,349,000,000 Domestic Shares and 5,284,079,812 H Shares, each Share having a par value of RMB0.10. For details, please refer to the announcements dated 27 October 2016, 11 November 2016, 20 January 2017 and 27 February 2017 and the circular of the Company dated 5 December 2016.

15. ACQUISITION OF A SUBSIDIARY

In April 2017, the Company appointed 3 directors in Nanjing Bao Ze Equity Investment Fund Co., Limited ("Nanjing Baoze"), accordingly it is considered that the Company has control over the board of Nanjing Baoze. The total consideration for acquisition of 51% equity interest in Nanjing Baoze is RMB286.17 million.

The carrying amount and fair value of the assets and liabilities acquired from the acquisition were recognized as at the date of acquisition as follows:

	Fair value RMB'000
Property, plant and equipment	146,601
Investment property	475,900
Construction in progress	342
Intangible asset	11
Deferred tax assets	7,296
Other non-current assets	1,346
Inventory	1,889
Trade receivables	8,475
Other receivables, prepayment and deposits	228,525
Bank balances and cash	7,828
Trade and other payables	(62,627)
Long-term payable	(308,282)
Deferred tax liability	(45,548)
Net assets acquired	461,756
Total cash consideration	286,170
Less: Net assets acquired	(461,756)
Add: Net assets value on non-controlling interests	226,260
Goodwill	50,674



16. FAIR VALUE AND FAIR VALUE HIERARCHY

Management has assessed that the fair values of the cash and bank balances, trade and other receivables and available-for-sale financial assets, financial liabilities included in trade and other payables approximate to their carrying amounts, except for the available-for-sale financial asset which is measured at cost less impairment. The directors of the Company are of the opinion that the fair value cannot be measured reliably.

The fair values of the financial assets are stated at the amount at which the instrument could be exchanged in a current transaction between willing parties (other than in a forced or liquidation sale).

Fair value hierarchy

The following table provides an analysis of financial instruments measured at fair value at the end of each reporting period for recurring measurement and grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policies.

Financial assets	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2017	31 December 2016		
	RMB'000 (Unaudited)	RMB'000 (Audited)		
Available-for-sale listed equity securities	8,250	8,250	Level 1	Quoted bid prices in an active market

There were no transfers between the different levels of the fair value hierarchy for the six months ended 30 June 2017 and the year ended 31 December 2016.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the unaudited condensed consolidated interim results approximate their fair values.

17. EVENT AFTER THE REPORTING PERIOD

On 20 July 2017, the Board announced that the Board is considering the feasibility of a proposed spin-off (the "Proposed Spin-Off") and separate listing of part of the Company's existing business on the Main Board of The Stock Exchange of Hong Kong Limited. The business now being considered as the subject matter of the Proposed Spin-Off is principally the road and bridge construction business of the Company.



Management Discussion and Analysis

FINANCIAL AND BUSINESS REVIEW

In the first half of 2017, with continuous growth of the Chinese economy and stability of the macro-economic factors, “steady progress” has become the keynote of China’s economy. The agricultural supply-side structural reform remains the key task of the new “Farmers, Villages and Agricultural Industry” work currently. The Group also closely follows the state policies and strives to lead the development of modern agriculture with the philosophy of “consolidating business foundation”, “adhering to industrial innovation” and “expanding industry healthily”.

On 21 April 2017, the General Office of the State Council of the PRC issued the Opinion on Accelerating the Development of Cold Chain Logistics to Secure Food Safety and Promote Consumption Upgrading (《關於加快發展冷鏈物流保障食品安全促進消費升級的意見》). Proactive promotion of the construction of the modern cold chain logistics system featuring “full chain, network management, traceability, new model, high efficiency” has become an important part of the agricultural industry chain reform and development. The Group made a forward-looking strategic layout for its related business by further acquisition of Nanjing Baoze Equity Investment Fund Co., Limited* (南京寶澤股權投資基金股份有限公司) (“Nanjing Baoze”) in the first half of 2017, thereby gained a control of Nanjing Dasheng Cold Chain Logistics Co., Limited* (南京大生冷鏈物流股份有限公司) (“Dasheng Cold Chain”, its 99.9975% equity interest was held by Nanjing Baoze), the Group’s existing supply chain services business had been vertically extended to the cold chain logistics business. As such, the Group will add the “cold chain logistics business” to its existing business sectors to more clearly state the development strategy of each business sector of the Company.



Management Discussion and Analysis (Continued)

FINANCIAL AND BUSINESS REVIEW (Continued)

During the period under review, the Group's "agricultural big data services business" started well and entered into a series of cooperation agreements and settlement system development agreements with several domestic well-known agricultural product wholesale markets, with an aim to establish an in-depth and comprehensive partnership and constantly promote the application of Dasheng agricultural product wholesale service model in the domestic agricultural product wholesale markets to establish "Dasheng Model". Of which, Henan Wanbang Agricultural Product Wholesale Market ("Henan Wanbang") is the most influential national scale wholesale market and distribution center at the central region of the PRC. The successful cooperation with Henan Wanbang also marked the recognition of the electronic settlement technology for agriculture product wholesale market developed by Shanghai Runtong by top level agriculture product wholesale marketeer in PRC.

In the first half of 2017, the Group's "road and bridge construction business" recorded robust performance as a whole by winning a contract for the largest single project since the inception of the Group at the beginning of the year, maintaining a considerable amount of project contracts. The Group's "agricultural and petrochemical product supply chain service business" recorded substantial growth during the reporting period due to the Group's optimization of such business strategies as the existing product mix, marketing strategy and customer selection, consolidation of the strategic cooperation with key partners and focus on development of important high-quality customers. Meanwhile, by leveraging its advantages in the entire agricultural industry chain as well as continuous accumulation and expansion of customer resources, the Group's "agricultural industry chain financial service business" recorded explosive growth during the year, being an outstanding contribution to the Group's overall profit in the first half of the year.

During the period under review, two domestic shareholders also completed subscription for a total of 1 billion domestic shares. This reflects the recognition and support from the shareholders of the Company for the Group's development strategies, and also demonstrates their confidence in the prospects of the Group's agriculture-related industry chain.



Management Discussion and Analysis (Continued)

FINANCIAL AND BUSINESS REVIEW (Continued)

During the period under review, turnover of the Group was approximately RMB9,300,576,000, representing a significant increase of approximately 299% as compared to the same period last year. During the period under review, the Group recorded a gross profit of approximately RMB376,203,000, representing a significant increase of approximately 128% as compared to the same period last year. Profit attributable to owners of the Group was approximately RMB202,925,000, representing a significant increase of approximately 171% as compared to the same period last year. The significant increase in turnover and profit was attributable to the successful adjustment to product structure and development of new customers by the Group's agricultural and petrochemical products supply chain services segment, as well as the significant increase in business volume of the Group's agricultural financial segment.

BUSINESS OPERATIONS

The existing main businesses of the Group comprise five sectors, namely "agricultural big data services business", "agricultural industry chain financial service business", "agricultural and petrochemical products supply chain service business", "road and bridge construction business" and "cold chain logistics business". During the period under review, the Group followed the new normal in economic development by adhering to pragmatic development to exploit agriculture-related diversification, and has identified new profit growth points to boost its performance. As for agricultural big data services business, the Group entered into cooperation agreements with several well-known agricultural product wholesale markets, improved and utilized "Intelligent Big Data Cloud Platform For Agricultural Product Wholesale" (大生智慧農批雲平台) to provide strong support for its "digitalized, intelligent and finance-based" agricultural product wholesale transactions. As for agricultural industry chain financial service business, the Group actively explored financial leasing and commercial factoring businesses by establishment of joint ventures to extend its business areas, and expanded agriculture-related industry chain financial service based on financial big data. As for agricultural and petrochemical products supply chain service business, the Group is committed to continuously improving its product business structure, promote diversification of its product offerings, consolidate its cooperative partnership with well-known enterprises and large-scale suppliers at home and abroad based on the advantages in terms of channel size, and make good use of the Group's channel advantages of its existing agricultural product wholesale market and cold chain market, so as to effectively enhance the circulation quality and efficiency of its agricultural and petrochemical products supply system. As for road and bridge construction business, the Group continued to improve its risk management system and enhance its technological innovation capability to provide reliable support for undertaking large-scale and high-quality construction projects. The Group will continue to promote agriculture-related bulk agricultural materials and agricultural products and actively carry out the trading of frozen products while consolidating its existing traditional businesses. Currently, it is the Group's established policy for innovation and development of the cold supply chain business sector.



Management Discussion and Analysis (Continued)

AGRICULTURAL BIG DATA SERVICE BUSINESS

The Group actively sought agricultural product wholesale market resources to cooperate with high-quality customers. Shanghai Runtong Industrial and Investment Co., Limited* (上海潤通實業投資有限公司), being a subsidiary of the Group, entered into a series of cooperation agreements with Zhengzhou Wanbang Electronic Technology Co., Ltd.* (鄭州萬邦電子科技有限公司), Huaian Mingyuan Agricultural Development Co., Ltd.* (淮安市明遠農業發展有限公司), Shandong Garlic Center Agricultural Products Logistic Park Co., Ltd.* (山東蒜都農產品物流園有限公司), Shanghai Sino-Merchant Prosperous Liquor Storage and Distribution Co., Ltd.* (上海中商興盛酒類倉儲配送有限公司) and Yancheng Golden Region Agricultural Mall Development Co., Ltd.* (鹽城市金地帶農貿商城開發有限公司) to develop the All-in-One Card settlement system for customers based on “Dasheng Intelligent Big Data Cloud Platform For Agricultural Product Wholesale”, thus to provide dealers within the market with services like intelligent cloud platform-based data collection, analysis and food safety traceability. Based on technic of “Intelligent Big Data Cloud Platform For Agricultural Product Wholesale”, the Group will develop the All-in-One Card electronic settlement system for them, and ensure effective docking and maintenance of the system. The Group is further responsible to provide dealers within the market with services like platform-based data collection, data analysis and food safety traceability which in turn gradually achieve All-in-One Card transactions for the entire market.

For the six months ended 30 June 2017, turnover of the Group's agricultural big data services business was approximately RMB3,967,000, representing approximately 0.04% of the total turnover of the Group; the gross profit was approximately RMB2,139,000, and the gross margin was approximately 54%.



Management Discussion and Analysis (Continued)

AGRICULTURAL INDUSTRY CHAIN FINANCIAL SERVICE BUSINESS

The Group actively exploited its agricultural industry chain financial development strategy and industrial distribution in a “healthy + progressive” manner, and steadily accelerated the development of financial leasing and commercial factoring businesses in the agricultural industry chain financial service business. On 22 February 2017, Shenzhen Dasheng Financial Holding Company Limited* (深圳市大生金融控股有限公司) and Hong Kong Dasheng Agriculture Holding Company Limited (香港大生農業控股有限公司), both wholly-owned subsidiaries of the Group, entered into a capital increase agreement with the relevant parties to increase capital in Ever Fortune Financial Leasing Co., Ltd.* (瑞盈信融(深圳)融資租賃有限公司) (“Ever Fortune”, an indirect non-wholly owned subsidiary of the Group) to RMB1 billion. The capital increase strengthened the financial position of Ever Fortune, and enhanced its financial capability to provide financing services for its customers with a larger scale and more varieties, which substantially accelerated the growth rate of its business. On 19 April 2017, the Group established Guowei Ruiying (Weifang) Financial Leasing Co., Limited* (國維瑞盈(濰坊)融資租賃有限公司) (“Guowei Ruiying”) jointly with Weifang Guowei Huijin Investment Co., Ltd* (濰坊市國維匯金投資有限公司) (“Weifang Guowei Huijin”), Hong Kong Dasheng Agriculture Holding Company Limited and Shenzhen Yong Hui Ju Investment Consultation Co., Ltd.* (深圳永匯聚投資諮詢有限公司). Under the assistance and support of the Group and Weifang Investment, and based on the agricultural industry characteristics and resource advantages in Weifang, the newly established Guowei Ruiying will grasp the development opportunities of the agricultural reform in Weifang to promote innovation of development model, and become a model of joint venture innovation and exploration in the financial leasing service sector.

For the six months ended 30 June 2017, turnover of the Group’s agricultural industry chain financial service business was approximately RMB146,415,000, representing a sharp increase of approximately 944% as compared to the same period last year and accounting for approximately 1.57% of the total turnover of the Group; the gross profit was approximately RMB122,726,000, representing a significant increase of approximately 775% as compared to the same period last year, and the gross margin was approximately 84%. The significant increase in operating income and gross profit of the segment was attributable to continuous explosive growth of the Group’s agricultural industry chain financial service business after its run-in period.



Management Discussion and Analysis (Continued)

AGRICULTURAL AND PETROCHEMICAL PRODUCT SUPPLY CHAIN SERVICE BUSINESS

In the first half of 2017, with lesser impact of imported petrochemical products in China and stable growth of domestic demand, the profitability of petrochemical products was generally stable amid narrow volatility in short run and moderate rise in long run of oil price. In the overall context of the supply-side structural reform in agriculture sector, the Group actively explored transformation, optimization and upgrading of industrial structure and continuously developed high-quality customers at home and abroad. In the meantime, the Group adjusted its product structure based on the synergies between the cold chain business segment and the agricultural product wholesale market business segment to create a service chain of supply and sale integration, and continued to seek innovation of scale supply chain service with controllable overall risk in agricultural sector.

For the six months ended 30 June 2017, turnover of the Group's agricultural and petrochemical product supply chain service business was approximately RMB8,586,977,000 (30 June 2016: approximately RMB1,797,538,000), representing a significant increase of approximately 378% as compared to the same period last year and accounting for approximately 92.33% of the Group's total turnover. Gross profit was approximately RMB163,585,000 (30 June 2016: approximately RMB31,922,000), representing a significant increase of approximately 412% as compared to the same period last year.

ROAD AND BRIDGE CONSTRUCTION BUSINESS

The Group firmly grasped "New Urbanization" and "One Belt and One Road (OBOR)" strategic opportunities to strengthen its road and bridge construction and operation. In January 2017, Nantong Road and Bridge Engineering Co., Ltd., a subsidiary of the Group, won the bidding in phase one construction project of Kuaisu Road, Huai'an City, with the awarded amount of RMB970 million. The successful bid fully reflected the outstanding performance of the Group in construction projects, and was a high affirmation of its qualification, reputation and position as a high-quality construction contractor.



Management Discussion and Analysis (Continued)

ROAD AND BRIDGE CONSTRUCTION BUSINESS (Continued)

For the six months ended 30 June 2017, turnover of the Group's road and bridge construction business was approximately RMB551,609,000 (30 June 2016: approximately RMB520,085,000), representing a slight increase of approximately 6% as compared to the same period last year and accounting for approximately 5.93% of the Group's total turnover. Gross profit was approximately RMB83,371,000 (30 June 2016: approximately RMB118,859,000), representing a year-on-year decrease of approximately 30% , whereas gross profit margin decreased from approximately 23% in the same period last year to approximately 15% in this reporting period. The decrease in gross profit of the road and bridge segment was attributable to significant increase in material costs of the segment.

COLD CHAIN LOGISTICS BUSINESS

In March 2017, the Group acquired approximately 51% equity interest of Nanjing Baoze which holds almost 100% equity interest of Dasheng Cold Chain. By expanding the cold chain logistics business, the Group can grasp the upstream and downstream logistics and cargo information rapidly, laying a foundation for in-depth layout and expansion of the Group's agricultural supply chain financial services, agricultural product upstream business resources and downstream channels. Meanwhile, Dasheng Cold Chain also cooperated with Shanghai Runtong by way of collecting supply chain data through the provision of electronic settlement services to support further expansion of the cold chain procurement, logistics and supply chain finance. In view of the above, Dasheng Cold Chain intends to continuously improve its performance by further expansion and service enhancement.

For the six months ended 30 June 2017, turnover of the Group's cold chain logistics business was approximately RMB11,608,000, representing approximately 0.12% of the total turnover of the Group; the gross profit was approximately RMB4,382,000, and the gross margin was approximately 38%.

OTHER INCOME AND GAINS

For the six months ended 30 June 2017, the Group's other income and gains were approximately RMB16,359,000 (six months ended 30 June 2016: approximately RMB10,095,000).



Management Discussion and Analysis (Continued)

DISTRIBUTION COSTS

For the six months ended 30 June 2017, the Group's distribution costs were approximately RMB11,720,000 (six months ended 30 June 2016: approximately RMB3,175,000), representing a significant increase of approximately 269% as compared to the same period last year, which was mainly attributable to the significant expansion in business scale of the Group during the period.

ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2017, administrative expenses of the Group were approximately RMB61,022,000 (six months ended 30 June 2016: approximately RMB39,165,000). The substantial increase in administrative expenses of the Group was mainly attributable to the increase of office rental, significant expansion in business scale of the Group as well as the corresponding increase in staff costs during the period.

FINANCE COSTS

For the six months ended 30 June 2017, finance costs of the Group were approximately RMB32,245,000, representing an increase of approximately 32% compared to RMB24,358,000 of the corresponding period of last year, which was mainly due to the increase in the balance of borrowings during the period.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the six months ended 30 June 2017, the profit attributable to owners of the Group was approximately RMB202,925,000 (six months ended 30 June 2016: approximately RMB74,827,000), representing a significant increase of approximately 171% 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 RMB0.026 (six months ended 30 June 2016: approximately RMB0.011 (restated)), representing a significant increase of approximately 136% as compared with the corresponding period of last year.



Capital Structure, Liquidity and Financial Resources

CAPITAL STRUCTURE

As of 30 June 2017, the Group had total assets less current liabilities of approximately RMB4,705,892,000 (31 December 2016: approximately RMB3,432,928,000), including non-current assets of approximately RMB2,512,051,000 (31 December 2016: RMB1,633,242,000) and net current assets of approximately RMB2,193,841,000 (31 December 2016: approximately RMB1,799,686,000).

As of 30 June 2017, the Group's equity attributable to owners of the Company was approximately RMB3,764,680,000, representing an increase of approximately 23% as compared to that of 31 December 2016, which was mainly attributable to the completion of subscription of domestic shares of the Company during the reporting period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2017 and 31 December 2016, the Group had restricted bank deposits and cash and cash equivalents of approximately RMB1,753,632,000 and RMB1,645,739,000, respectively.

The Group had long-term borrowings of approximately RMB300,000,000 as at 30 June 2017, and no long-term borrowings as at 31 December 2016. The Group had short-term borrowings of approximately RMB1,901,333,000 and RMB1,707,746,000, respectively as at 30 June 2017 and 31 December 2016.

As at 30 June 2017 and 31 December 2016, debt asset ratios of the Group were approximately 58% and 64%, respectively. Debt 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.



Capital Structure, Liquidity and Financial Resources (Continued)

PLEDGE OF ASSETS

As at 30 June 2017, the Group's payments for leasehold land held for own use under operating leases with a net book value of approximately RMB7,954,000 (31 December 2016: approximately RMB8,042,000) were pledged as security for the Group's bank borrowings. As at 30 June 2017, property, plant and equipment with a net book value of approximately RMB56,048,000 (31 December 2016: approximately RMB57,977,000) were pledged as security for the Group's borrowings. As at 30 June 2017, the Group had restricted bank deposits of approximately RMB166,141,000 (31 December 2016: approximately RMB146,904,000) as collateral for the bank borrowings and the issuance of commercial notes, performance bonds and bid bonds to customers.

EMPLOYEE INFORMATION

As at 30 June 2017, the Group had 593 employees. During the period under review, total employee remuneration (including directors' remuneration) amounted to approximately RMB43,338,000 (six months ended 30 June 2016: approximately RMB30,730,000). 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 5 January 2017, the Company (as purchaser) entered into a conditional agreement with 陳友利 (Chen Youli*) (as vendor) in relation to the acquisition of 35% of the equity interest of 南京寶澤股權投資基金股份有限公司 (Nanjing Bao Ze Equity Investment Fund Co., Limited*) ("Nanjing Baoze") at a consideration of RMB194,981,520. Nanjing Baoze owns approximately 99.9975% equity interest in 南京大生冷鏈物流股份有限公司 (Nanjing Dasheng Cold Chain Logistics Co., Limited*) (formerly known as 南京清江冷鏈物流股份有限公司 (Nanjing Qingjiang Cold Chain Logistics Co., Limited*)) ("Dasheng Cold Chain"). Details of the said acquisition are set out in the announcement of the Company dated 5 January 2017. The said acquisition was subsequently completed in January 2017.



Capital Structure, Liquidity and Financial Resources (Continued)

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

On 16 March 2017, the Company (as purchaser) further entered into a conditional agreement with 陳友利 (Chen Youli*) (as vendor) in relation to the acquisition of approximately 2.46% of the equity interest in Nanjing Baoze at a consideration of RMB14,000,000. On the same date, the Company (as purchaser) further entered into a conditional agreement with 張華文 (Zhang Huawen*) (as vendor) in relation to the acquisition of approximately 13.54% of the equity interest in Nanjing Baoze at a consideration of RMB77,187,964. Upon completion of the two acquisitions, the Company will hold in aggregate of approximately 51% of equity interest in Nanjing Baoze and Nanjing Baoze and Dasheng Cold Chain will become non-wholly-owned subsidiaries of the Company. Details please refer to the announcement of the Company dated 16 March 2017. In April 2017, the Company appointed 3 directors on Nanjing Baoze, accordingly it is considered that the Company has control over the board of Nanjing Baoze and the financial results of Nanjing Baoze and Dasheng Cold Chain shall be consolidated into the financial statements of the Company since then although the completion of the acquisition has not yet taken place.

On 22 February 2017, the Group entered into a capital increase agreement with 深圳市永匯聚投資諮詢有限公司 (Shenzhen Yong Hui Ju Investment Consultation Co., Ltd.*) (“SZ Yonghuiju”) and Crown Castle Limited (“Crown Castle”), pursuant to which, the Group agreed to inject a total of RMB500 million in cash for the additional capital in 瑞盈信融(深圳)融資租賃有限公司 (Ever Fortune Financial Leasing Co., Ltd.*) (“Ever Fortune”) while SZ Yonghuiju and Crown Castle would not inject additional capital to Ever Fortune. Pursuant to the capital increase agreement, the registered capital of Ever Fortune will be increased from RMB500 million to RMB1,000 million and the respective equity interest in Ever Fortune held by the Group, SZ Yonghuiju and Crown Castle will be 86.5%, 11% and 2.5%. The said capital increase subsequently became effective on February 2017. Details of the said capital increase are set out in the announcement of the Company dated 22 February 2017.

On 19 April 2017, the Group entered into a joint venture agreement with 濰坊市國維匯金投資有限公司 (Weifang Guowei Huijin Investment Co., Ltd.*) and SZ Yonghuiju in relation to the establishment of a joint venture company, namely 國維瑞盈(濰坊)融資租賃有限公司 (Guowei Ruiying (Weifang) Financial Leasing Co., Limited*) (the “JV Company”). Pursuant to the said joint venture agreement, the JV Company would be established with registered capital of RMB200 million. The Group would contribute 44% of the registered capital of the JV company i.e. RMB88 million. The formation of the JV company was completed on June 2017. Details of which are set out in the announcements of the Company dated 19 April 2017 and 5 June 2017.



Capital Structure, Liquidity and Financial Resources (Continued)

USE OF PROCEEDS FROM THE PLACING AND THE SUBSCRIPTION OF SHARES

The net proceeds from the subscription and placing of the Company's H shares during the year ended 31 December 2016, after deducting share issuance expenses amounted to approximately HKD1,615 million. The respective uses of the net proceeds up to 30 June 2017 were as follows:

	Net Proceeds from the subscription and placing		
	Available HKD'000	Used HKD'000	Unused HKD'000
Funding for the trading of agricultural products and principal for the financing services	673,000	673,000	—
Potential acquisition of financial servicing companies in the PRC	116,000	—	116,000
Developing software application, database and electronic settlement system for the smart wholesale market, marketing of Yingdian Life Card, and recruitment of staff	100,000	50,000	50,000
Repayment of the Group's indebtedness	600,000	600,000	—
General working capital	126,000	126,000	—
Total	1,615,000	1,449,000	166,000

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 9 March 2016, 1 April 2016 and 16 May 2016 in relation to the change in use of proceeds from subscription and placing.

Capital Structure, Liquidity and Financial Resources (Continued)

USE OF PROCEEDS FROM THE PLACING AND THE SUBSCRIPTION OF SHARES (Continued)

The net proceeds from the subscription of the Company's domestic shares during the six months ended 30 June 2017, after deducting share issuance expenses amounted to approximately RMB569 million (equivalent to approximately HKD648 million). The respective uses of the net proceeds up to 30 June 2017 were as follows:

	Net Proceeds from the subscription		
	Available HKD'000	Used HKD'000	Not used HKD'000
(a) be applied as principal for developing the Group's agricultural finance business through capital increase in Shenzhen Dasheng Financial Holding Company Limited	479,000	399,000	80,000
(i) be applied towards Ever Fortune	160,000	160,000	—
(ii) be applied towards Ruiying Xinrong (Shenzhen) Commercial Factoring Co., Limited	239,000	239,000	—
(iii) be applied towards the investment in joint venture(s) engaging in microlending business in the PRC	80,000	—	80,000
(b) be applied towards the potential investment in, acquisition of and/or establishment of joint ventures	160,000	—	160,000
(c) be applied towards capital increase in Shanghai Dasheng Agriculture Products Investment Holding Company Limited for investment in agricultural trading related business	9,000	9,000	—
	648,000	408,000	240,000

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 announcement of the Company dated 27 February 2017 in relation to the use of proceeds from the subscription.



Prospect

In 2017, the fiscal policy of the central government continued to provide support for the development of the agricultural industry. In addition to the continuous implementation of various preferential agricultural policies nationwide, on 5 February 2017, the Central Committee of Communist Party of China and the State Council promulgated the Several Opinions of the Central Committee of Communist Party of China and the State Council on Deepening Supply-side Structural Reform in the Agricultural Sector and Accelerating the Cultivation of New Growth Drivers for Agriculture and Rural Areas (《中共中央、國務院關於深入推進農業供給側結構性改革加快培育農業農村發展新動能的若干意見》), which more clearly specifies “optimizing agriculture related product industry structure”, “strengthening agriculture related new industries and new patterns, extending agricultural industrial chain and value chain” and “consolidating technological innovation, accelerating development of modern agriculture” will be key tasks afterwards. The Group will leverage the opportunity of agricultural reform to grasp the changes in demand in the market and strengthen agricultural financial innovation, striving to be a leader in the agricultural industry chain service sector. The Group will accelerate the transformation and upgrading of the industrial structure, continue to optimize the product structure and steadily push forward the pace of the industrial expansion. Based on technic of “Intelligent Big Data Cloud Platform For Agricultural Product Wholesale”, the Group will strengthen and extend the strategic cooperation with well-known enterprises, large-scale agricultural product wholesale markets and suppliers to fully promote the agricultural product wholesale market business model focusing on Dasheng agricultural product wholesale model, improve the quality and efficiency of supply chain services, increase the offerings of agricultural supply chain financial services and enhance the efficiency and quality of financial services, so as to create strong synergies of agricultural services for the agricultural product wholesale markets and form a comprehensive business system covering construction, market, technology, finance and trading.



Prospect (Continued)

On 3 February 2017, the State Council of China issued the “Thirteenth Five-Year Plan on the Development of Modern Complex Transportation System” (「十三五」現代綜合交通運輸體系發展規劃), which is closely linked to the “Outline of the Thirteenth Five-Year Development Plan” and closed connected with the “One Belt and One Road (OBOR) Construction”, “Yangtze River Economic Belt Development” and “New Urbanization Development Plan”. It expressly highlights the road and bridge infrastructure construction, which has been raised to the level of national policy. On 21 July 2017, the Legislative Affairs Office of the State Council issued the “Regulations on the Public-Private Partnership in the Infrastructure and Public Service Sector (Consultation Draft)” (基礎設施和公共服務領域政府和社會資本合作條例(徵求意見稿)), which also marked a very important step for PPP legislation, and laid a solid policy foundation for promotion of the supply-side reform in the municipal infrastructure sector and extension of the infrastructure investment and financing channels. The Group has been emphasizing on the development of the road and bridge business segment. The accumulated awarded amount of Nantong Road and Bridge was approximately RMB2.2 billion during the reporting period with robust performance, which is expected to make great contributions to the Group in the second half of the year. Meanwhile, the Group will also adapt to the situation to strictly control business risks, strengthen the identification of high-quality customers and the collection of accounts receivable, and integrate internal resources together with infrastructure opportunities from the existing business segments of the Group and its shareholder Shenzhen Dasheng Agricultural Group Co., Ltd., in order to maximize the synergies between the segments. The Group completed its acquisition of and capital increase in Nantong Road and Bridge in the fourth quarter of 2016. The management of the Group expects to enhance the market competitive advantage of Nantong Road and Bridge by strengthening its financial strength and create mature competitive conditions to focus on PPP projects, while leveraging PPP model to promote the upgrading of the Group’s existing agriculture-related business segments. Nantong Road and Bridge will also actively evaluate the feasibility of overseas infrastructure to seek business diversification. The Company has notified shareholders and potential investors on 20 July 2017 in respect of proposed spin-off and separate listing of the road and bridge construction business on the Main Board of The Stock Exchange of Hong Kong Limited. This will enhance the financing flexibility of Nantong Road and Bridge and increase its financial and management transparency, compliance and openness, and more importantly, reflecting the Group’s confidence in its operating prospects and market prospects in the future.



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

As at 30 June 2017, 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 of Hong Kong Limited (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:

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	1,818,013,540 (L) (note 1 and 2)	54.29%	21.06%
	H shares	Interest in controlled corporation	2,250,000,000 (L) (note 1)	42.58%	26.06%
2. Mr. Lu Tingfu (supervisor)	domestic shares	Interest in controlled corporation	1,818,013,540 (L) (note 1 and 2)	54.29%	21.06%
	H shares	Interest in controlled corporation	2,250,000,000 (L) (note 1)	42.58%	26.06%
3. Mr. Wang Liguo (Executive Director)	domestic shares	Interest in controlled corporation	1,530,986,460 (L) (note 3 and 4)	45.71%	17.73%

L = Long position



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: (*Continued*)

Notes:

- (1) Shenzhen Dasheng Agricultural Group Co., Ltd. ("Shenzhen Dasheng") and Hong Kong Dasheng Investment Holdings Company Limited ("HK Dasheng Investment") hold 1,818,013,540 domestic shares and 2,250,000,000 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 1,818,013,540 domestic shares and 2,250,000,000 H shares of the Company held by Shenzhen Dasheng and HK Dasheng Investment, respectively.
- (2) 1,368,013,540 domestic shares are charged by Shenzhen Dasheng in favour of a third party as security for a loan, and the loan amount is for Shenzhen Dasheng's own use.
- (3) Zhenjiang Runde Equity Investment Fund Ltd. ("Zhenjiang Runde") is wholly owned by Mr. Wang Ligu. By virtue of the SFO, Mr. Wang Ligu is deemed to be interested in 1,530,986,460 domestic shares of the Company held by Zhenjiang Runde.
- (4) 980,986,460 domestic shares are charged by Zhenjiang Runde in favour of a third party as security for a loan, and the loan amount is for Zhenjiang Runde's own use.



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

As at 30 June 2017, 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	1,818,013,540 (L) (note 1 and 2)	54.29%	21.06%
	H shares	Interest in controlled Corporation	2,250,000,000 (L) (note 1)	42.58%	26.06%
2. Dasheng Holdings	domestic shares	Interest in controlled Corporation	1,818,013,540 (L) (note 1 and 2)	54.29%	21.06%
	H shares	Interest in controlled Corporation	2,250,000,000 (L) (note 1)	42.58%	26.06%
3. Shenzhen Dasheng	domestic shares	Beneficial owner	1,818,013,540 (L) (note 1 and 2)	54.29%	21.06%
	H shares	Interest in controlled Corporation	2,250,000,000 (L) (note 1)	42.58%	26.06%
4. HK Dasheng Investment	H shares	Beneficial owner	2,250,000,000 (L)	42.58%	26.06%
5. Zhenjiang Runde	domestic shares	Beneficial owner	1,530,986,460 (L) (note 3)	45.71%	17.73%
6. 北京信宸股權投資基金 (有限合伙)	H shares	Beneficiary of a trust	418,736,000 (L)	7.92%	4.85%
7. 中誠信託誠信 海外配置82號	H shares	Beneficial owner	418,736,000 (L)	7.92%	4.85%

L = Long Position



Substantial Shareholders' Interests and Other Persons' Interests and Short Positions in Shares and Underlying Shares (Continued)

Note:

- (1) 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 1,818,013,540 domestic shares and 2,250,000,000 H shares of the Company held by Shenzhen Dasheng and HK Dasheng Investment, respectively, and Shenzhen Dasheng is deemed to be interested in the 2,250,000,000 H shares held by HK Dasheng Investment.
- (2) 1,368,013,540 domestic shares held by Shenzhen Dasheng are charged by Shenzhen Dasheng in favour of a third party as security for a loan, and the loan amount is for Shenzhen Dasheng's own use.
- (3) 980,986,460 domestic shares are charged by Zhenjiang Runde in favour of a third party as security for a loan, and the loan amount is for Zhenjiang Runde'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 2017.

Corporate Governance

The Board is of the view that throughout the six months ended 30 June 2017, 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 2017.



Purchase, Sales or Redemption of Listed Securities

During the six months ended 30 June 2017, 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. The primary duties of the Audit Committee are to review and monitor the financial reporting process and internal controls system of the Group as well as overseeing the relationship with the Company's external auditor. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Chung Cheuk Ming, Mr. Yang Gaoyu and Mr. Zhou Jianhao and one non-executive Director, namely, 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 2017 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 2017 (six months ended 30 June 2016: 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 2016 annual report of the Company which are required to be disclosed are set out as follows:

- (1) Mr. Yang Gaoyu resigned as an independent director of New Trend International Logis-tech Co., Ltd.* (深圳市今天國際物流技術股份有限公司) and WWW.36.CN (Shenzhen) Technology Co., Ltd.* (深圳市萬泉河科技股份有限公司), the securities of which are listed on the Shenzhen Stock Exchange and New OTC market, respectively.



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

(2) On 21 April 2017, Mr. Yang Gaoyu has been appointed as the independent director of Baolingbao Biology Co., Ltd. (保齡寶生物技術股份有限公司) whose shares are listed on the Shenzhen Stock Exchange.

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, 17 August 2017

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