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PURSUIT OF  
STRONG STRUCTURE  
DEVELOPMENT



**Interim Report 2018** 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

## 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 (resigned on 26 July 2018)  
Sun Ting (appointed on 26 July 2018)  
Wang Bin (appointed on 26 July 2018)  
Xu Miaojie (appointed on 20 November 2017  
and resigned on 26 July 2018)  
Ye Mingzhu  
Zhao Liping (resigned on 20 November 2017)

### 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

10-11F, Building G  
Gateway International Plaza  
No. 327 Tian Yao Qiao Road  
Xuhui District,  
Shanghai, PRC

### 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-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 2018 together with comparative unaudited figures for the corresponding periods in 2017.

## Condensed Consolidated Statement of Comprehensive Income – Unaudited

	Note	For the six months ended 30 June	
		2018 Unaudited RMB'000	2017 Unaudited RMB'000 (Restated)
Turnover	3	2,509,734	10,112,711
Cost of sales		(2,303,120)	(9,639,620)
Gross profit		206,614	473,092
Other income and gains	3	48,363	36,594
Distribution costs		(39,371)	(48,499)
Administrative expenses		(147,847)	(113,517)
Impairment loss/(reversal of impairment loss) on trade and other receivables		(1,114,831)	2,427
Share of loss of associates		(15,349)	(199)
Share of profit of a joint venture		548	–
Finance costs	5	(75,458)	(34,250)
(Loss)/profit before income tax expense	6	(1,137,331)	315,647
Income tax expense	7	892	(71,555)
(Loss)/profit for the period		(1,136,439)	244,092
Other comprehensive income			
Items that may be reclassified to profit or loss:			
– Exchange differences on translating foreign operations		(1,693)	(203)
Total comprehensive income for the period		(1,138,132)	243,889
(Loss)/profit for the period attributable to:			
– Owners of the Company		(979,823)	230,105
– Non-controlling interests		(156,616)	13,987
		(1,136,439)	244,092
Total comprehensive income for the period attributable to:			
– Owners of the Company		(981,638)	229,902
– Non-controlling interests		(156,494)	13,987
		(1,138,132)	243,889
Basic and diluted (loss)/earnings per share for profit attributable to owners of the Company during the period (restated) (expressed in RMB per share)	8	(0.114)	0.029

## Condensed Consolidated Statement of Financial Position

		As at 30 June 2018 Unaudited RMB'000	As at 31 December 2017 Audited RMB'000 (Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Payments for leasehold land held for own use under operating leases		142,148	143,714
Property, plant and equipment		887,125	900,699
Construction in progress		114,783	66,620
Investment property		569,407	594,362
Intangible assets		542,548	449,307
Interests in associates		95,365	90,315
Interests in a joint venture		80,389	1,601
Available-for-sale financial assets		20,785	20,785
Trade and other receivables	11	993,414	965,543
Deferred tax assets		56,293	53,292
R&D assets		4,849	–
<b>Total non-current assets</b>		<b>3,507,106</b>	<b>3,286,238</b>
<b>Current assets</b>			
Inventories	10	323,693	346,910
Trade and other receivables	11	4,340,918	5,562,641
Amounts due from customers for contract work		417,566	30,070
Restricted bank deposits		753,953	766,068
Cash and cash equivalents		199,399	581,449
Assets classified as held for sales		722	–
<b>Total current assets</b>		<b>6,036,251</b>	<b>7,287,138</b>
<b>Total assets</b>		<b>9,543,357</b>	<b>10,573,376</b>

## Condensed Consolidated Statement of Financial Position (Continued)

	Note	As at 30 June 2018 Unaudited RMB'000	As at 31 December 2017 Audited RMB'000 (Restated)
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	3,053,333	2,990,594
Amounts due to customers for contract work		28,228	60,473
Borrowings	13	3,006,842	2,423,199
Current tax liabilities		75,886	139,793
Total current liabilities		6,164,269	5,614,059
Net current (liabilities)/assets		(128,018)	1,673,079
Total assets less current liabilities		3,379,088	4,959,317
<b>Non-current liabilities</b>			
Borrowings	13	608,692	500,000
Deferred tax liabilities		132,853	134,166
Other payables		257,661	264,350
Total non-current liabilities		999,206	898,516
Total liabilities		7,163,475	6,512,575
<b>NET ASSETS</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	14	955,108	863,308
Reserves		1,220,708	2,836,933
Equity attributable to owners of the Company		2,175,816	3,700,241
Non-controlling interests		204,066	360,560
<b>TOTAL EQUITY</b>		<b>2,379,882</b>	<b>4,060,801</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	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 2017 (Restated)	763,308	1,294,379	152,038	1,653,487	(7,868)	4,928	847,164	4,707,436	290,461	4,997,897
Profit for the period	-	-	-	-	-	-	230,105	230,105	13,987	244,092
Exchange differences on translating foreign operations	-	-	-	-	(203)	-	-	(203)	-	(203)
Total comprehensive income for the period	-	-	-	-	(203)	-	230,105	229,902	13,987	243,889
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 (Restated)	863,308	1,765,179	152,038	1,653,487	(8,071)	5,840	995,654	5,427,435	525,080	5,952,515
Balance at 1 January 2018 (Restated)	863,308	1,765,179	168,334	1,675,631	(4,351)	3,015	(770,875)	3,700,241	360,560	4,060,801
Profit for the period	-	-	-	-	-	-	(979,823)	(979,823)	(156,616)	(1,136,439)
Exchange differences on translating foreign operations	-	-	-	-	(1,815)	-	-	(1,815)	122	(1,693)
Total comprehensive income for the period	-	-	-	-	(1,815)	-	(979,823)	(981,638)	(156,494)	(1,138,132)
Subscription of new shares	91,800	383,778	-	-	-	-	-	475,578	-	475,578
Transfer to statutory reserve fund	-	-	(17)	-	-	-	17	-	-	-
Merger of a subsidiary under common control	-	618,407	-	(1,657,719)	-	-	20,947	(1,018,365)	-	(1,018,365)
Balance at 30 June 2018 (unaudited)	955,108	2,767,364	168,317	17,912	(6,166)	3,015	(1,729,734)	2,175,816	204,066	2,379,882

## Condensed Consolidated Statement of Cash Flows – Unaudited

	For the six months ended 30 June	
	2018 Unaudited RMB'000	2017 Unaudited RMB'000 (Restated)
Net cash used in operating activities	<b>(1,455,324)</b>	(717,766)
Net cash used in investing activities	<b>(94,639)</b>	(261,767)
Net cash from financing activities	<b>1,167,913</b>	990,154
Net (decrease)/increase in cash and cash equivalents	<b>(382,050)</b>	10,621
Cash and cash equivalents at beginning of the period	<b>581,449</b>	1,353,494
Cash and cash equivalents at end of the period	<b>199,399</b>	1,364,115

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 2018 (“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 2017, except for those accounting policy changes that are expected to be reflected in the 2018 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 2017 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

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

The financial information relating to the financial year ended 31 December 2017 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 2017 which is included in the annual report for the year ended 31 December 2017 is available at the Company’s registered office. The auditor had reported and had disclaimed their opinion on those financial statements.

During the period, the Group incurred a loss of RMB1,136,439,000 and had net current liabilities of RMB128,018,000 as at 30 June 2018. As at 30 June 2018, the Group’s total borrowings amounted to approximately RMB3,615,534,000, of which approximately RMB3,006,842,000 were classified as current liabilities, while its cash and cash equivalents amounted to approximately RMB199,399,000 only. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.



## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

However, certain plans and measures have been taken to mitigate the liquidity problem and to improve the Group's financial position, which include, but are not limited to, the following:

- (i) The Group has been negotiating with a number of banks and other financial institutions for renewal and extension of bank and other borrowings. Specifically, the Group is in negotiations with the lenders to extend the repayment dates of the overdue borrowings and interests thereon.
- (ii) On 21 May 2018, the Company entered into an investment framework agreement (the "IF Agreement") with an independent third party (the "Purchaser") and Nantong Road and Bridge Engineering Co., Ltd. ("Nantong Road and Bridge"), a non-wholly owned subsidiary of the Company, pursuant to which the Company has intended to sell and the Purchaser has intended to purchase part of the equity interest in Nantong Road and Bridge (the "Disposal"). On 4 July 2018, the Company, the Purchaser and Nantong Road and Bridge entered into a supplemental agreement to the IF Agreement to extend the exclusivity period and the validity period of the IF Agreement. Management expects that the Disposal will be completed in December 2018 and the net proceeds received therefrom will improve the Group's liquidity.

The directors of the Company (the "Directors") have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 30 June 2018. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2018. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

There are significant uncertainties as to the outcomes of the above events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Should the use of the going concern basis in preparation of the unaudited condensed consolidated interim financial statements be determined to be not appropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their realisable values, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the unaudited condensed consolidated interim financial statements.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2017, which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA (hereinafter collectively referred to as the "HKFRSs"), the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements and included applicable disclosures required by the Listing Rules.

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### **Merger Accounting for Business Combination Involving Entities Under Common Control**

Before March 2018, Anhui Huaxing Chemical Industry Company Limited (“Anhui Huaxing”) was 100% held by Shenzhen Dasheng Agricultural Group Co., Ltd. (“Shenzhen Dasheng”), a major shareholder of the Company. The principal activity of Anhui Huaxing is the development of bio-engineering products and sale of chemical products, pesticides, chemical fertilisers, packaged seeds and agricultural machinery. The interest in Anhui Huaxing was previously accounted for as a subsidiary on the consolidated financial statements of Shenzhen Dasheng. On 21 March 2018, the Company and Anhui Dasheng Niannianfu Bio-technology Company Limited (“Niannianfu”), a wholly-owned subsidiary of Shenzhen Dasheng as well as the parent company of Anhui Huaxing, entered into a share purchase agreement, according to which Niannianfu has transferred 100% equity interests in Anhui Huaxing to the Company at the consideration of RMB5,577,038.39. Upon completion of the transaction, Anhui Huaxing became a subsidiary of the Company.

The Directors have determined that the application of merger accounting to the acquisition of Anhui Huaxing, being a business combination involving an entity under common control, under AG 5 issued by the HKICPA, which shall provide more relevant and useful information to financial statement users as it better reflects the economic substance of the transaction. The Group and the entity acquired are regarded as continuing entities.

Under merger accounting, based on the guidance set out in AG 5, the condensed consolidated financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party’s perspective. The assets and liabilities of the acquired entity or business should be recorded at the book values as stated in the financial statements of the controlling party (i.e. it will require recording of the fair value of the identifiable assets and liabilities of the acquired entity or business at the date of original acquisition from third parties by the controlling party, any remaining goodwill arising on the previous acquisition and minority interests recorded in the consolidated financial statements of the controlling party). No amount is recognized in respect of goodwill or excess of acquirer’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party’s interest. The adjustments to eliminate share/registered capital of the combining entities or businesses against the related investment costs have been made to other reserves in the condensed consolidated statement of changes in equity.

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Merger Accounting for Business Combination Involving Entities Under Common Control (Continued)

The condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the prior years have been restated to include the assets and liabilities and the operating results of Anhui Huaxing and its subsidiary, as if this acquisition had been completed since the dates the respective entities or businesses came under the control of Shenzhen Dasheng. The condensed consolidated statement of financial position as at 31 December 2017 have been restated to adjust the carrying amounts of the assets and liabilities of Anhui Huaxing and its subsidiary, had been in existence as at 30 June 2017 and 31 December 2017 as if those entities or businesses were combined from the date when they first came under the control of Shenzhen Dasheng (see below for the financial impacts).

The effect of restatements described above on the consolidated income statement for the six months ended 30 June 2017 by line items is as follows:

	For the six months ended 30 June 2017 RMB'000 (Originally stated)	Business combination of entities under common control RMB'000	For the six months ended 30 June 2017 RMB'000 (Restated)
Turnover	9,300,576	812,135	10,112,711
Cost of sales	(8,924,373)	(715,247)	(9,639,620)
Gross profit	376,203	96,889	473,092
Other income and gains	16,359	20,235	36,594
Distribution costs	(11,720)	(36,779)	(48,499)
Administrative expenses	(61,022)	(50,068)	(111,090)
Share of loss of associates	(199)	–	(199)
Finance costs	(32,245)	(2,005)	(34,250)
Profit before income tax expense	287,376	28,271	315,647
Income tax expense	(70,464)	(1,091)	(71,555)
Profit for the period	216,912	27,180	244,092
Other comprehensive income Items that may be reclassified to profit or loss:			
– Exchange differences on translating foreign operations	(203)	–	(203)
Total comprehensive income for the period	216,709	27,180	243,889
Profit for the period attributable to:			
– Owners of the Company	202,925	27,180	230,105
– Non-controlling interests	13,987	–	13,987
	216,912	27,180	244,092
Total comprehensive income for the period attributable to:			
– Owners of the Company	202,722	27,180	229,902
– Non-controlling interests	13,987	–	13,987
	216,709	27,180	243,889

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Merger Accounting for Business Combination Involving Entities Under Common Control (Continued)

The effect of restatements on the consolidated statement of financial position as at 1 January 2017 is as follows:

	As at 1 January 2017 RMB'000 (Originally stated)	Business combination of entities under common control RMB'000	As at 1 January 2017 RMB'000 (Restated)
<b>ASSETS</b>			
Non-current assets			
Payments for leasehold land held for own use under operating leases	8,926	137,921	146,847
Property, plant and equipment	112,178	776,211	888,389
Construction in progress	–	34,356	34,356
Investment property	21,317	–	21,317
Intangible assets	446,462	5,797	452,259
Interests in associates	93,389	–	93,389
Available-for-sale financial assets	14,050	–	14,050
Trade and other receivables	925,418	–	925,418
Deferred tax assets	11,502	7,695	19,197
<b>Total non-current assets</b>	<b>1,633,242</b>	<b>961,980</b>	<b>2,595,222</b>
Current assets			
Inventories	49,541	208,204	257,745
Trade and other receivables	6,067,854	1,843,464	7,911,318
Amounts due from customers for contract work	28,185	–	28,185
Restricted bank deposits	419,855	–	419,855
Cash and cash equivalents	1,225,884	127,610	1,353,494
<b>Total current assets</b>	<b>7,791,319</b>	<b>2,179,278</b>	<b>9,970,597</b>
<b>Total assets</b>	<b>9,424,561</b>	<b>3,141,258</b>	<b>12,565,819</b>
<b>LIABILITIES</b>			
Current liabilities			
Trade and other payables	4,162,742	1,116,827	5,279,569
Amounts due to customers for contract work	35,202	–	35,202
Borrowings	1,707,746	–	1,707,746
Current tax liabilities	85,943	(2,060)	83,883
<b>Total current liabilities</b>	<b>5,991,633</b>	<b>1,114,767</b>	<b>7,106,400</b>
<b>Net current assets</b>	<b>1,799,686</b>	<b>1,064,511</b>	<b>2,864,197</b>
<b>Total assets less current liabilities</b>	<b>3,432,928</b>	<b>2,026,491</b>	<b>5,459,419</b>

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Merger Accounting for Business Combination Involving Entities Under Common Control (Continued)

	As at 1 January 2017 RMB'000 (Originally stated)	Business combination of entities under common control RMB'000	As at 1 January 2017 RMB'000 (Restated)
Non-current liabilities			
Deferred tax liabilities	70,606	–	70,606
Other payables	–	390,916	390,916
<b>Total non-current liabilities</b>	<b>70,606</b>	<b>390,916</b>	<b>461,522</b>
<b>Total liabilities</b>	<b>6,062,239</b>	<b>1,505,683</b>	<b>7,567,923</b>
<b>NET ASSETS</b>	<b>3,362,322</b>	<b>1,635,575</b>	<b>4,997,896</b>
Capital and reserves attributable to owners of the Company			
Share capital	763,308	–	763,308
Reserves	2,308,553	1,635,575	3,944,128
Equity attributable to owners of the Company	3,071,861	1,635,575	4,707,436
Non-controlling interests	290,461	–	290,461
<b>TOTAL EQUITY</b>	<b>3,362,322</b>	<b>1,635,575</b>	<b>4,997,897</b>

The financial effect of the restatements to the Group's equity on 1 January 2017 is summarised below:

	As at 1 January 2017 RMB'000 (Originally stated)	Business combination of entities under common control RMB'000	As at 1 January 2017 RMB'000 (Restated)
Share capital	763,308	–	763,308
Capital reserve	1,294,379	1,648,695	2,943,074
Statutory common reserve fund	152,038	–	152,038
Other reserve	17,912	33,068	50,980
Currency translation reserve	(7,868)	–	(7,868)
Available-for-sale investment reserve	4,928	–	4,928
Retained earnings	847,164	(46,188)	800,976
Non-controlling interests	290,461	–	290,461
	<b>3,362,322</b>	<b>1,635,575</b>	<b>4,997,897</b>

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Merger Accounting for Business Combination Involving Entities Under Common Control (Continued)

The effect of restatements on the consolidated statement of financial position as at 30 June 2017 is as follows:

	As at 30 June 2017 RMB'000 (Originally stated)	Business combination of entities under common control RMB'000	As at 30 June 2017 RMB'000 (Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Payments for leasehold land held for own use under operating leases	29,443	136,454	165,897
Property, plant and equipment	236,951	746,390	983,341
Construction in progress	342	54,683	55,025
Investment property	493,894	–	493,894
Intangible assets	506,321	5,558	511,879
Interests in associates	86,589	–	86,589
Available-for-sale financial assets	24,050	–	24,050
Trade and other receivables	1,112,921	–	1,112,921
Deferred tax assets	18,798	7,695	26,493
R&D assets	2,742	–	2,742
<b>Total non-current assets</b>	<b>2,512,051</b>	<b>950,780</b>	<b>3,462,831</b>
<b>Current assets</b>			
Inventories	95,551	157,513	253,064
Trade and other receivables	5,420,747	2,000,353	7,421,100
Amounts due from customers for contract work	345,006	–	345,006
Restricted bank deposits	412,663	30,000	442,663
Cash and cash equivalents	1,340,969	23,146	1,364,115
Available-for-sale financial asset	37,780	–	37,780
<b>Total current assets</b>	<b>7,652,716</b>	<b>2,211,012</b>	<b>9,863,728</b>
<b>Total assets</b>	<b>10,164,767</b>	<b>3,161,792</b>	<b>13,326,559</b>

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Merger Accounting for Business Combination Involving Entities Under Common Control (Continued)

	As at 30 June 2017 RMB'000 (Originally stated)	Business combination of entities under common control RMB'000	As at 30 June 2017 RMB'000 (Restated)
<b>LIABILITIES</b>			
Current liabilities			
Trade and other payables	3,480,687	1,183,040	4,663,727
Amounts due to customers for contract work	4,654	–	4,654
Borrowings	1,901,333	–	1,901,333
Current tax liabilities	72,201	(969)	71,232
<b>Total current liabilities</b>	<b>5,458,875</b>	<b>1,182,071</b>	<b>6,640,946</b>
<b>Net current assets</b>	<b>2,193,841</b>	<b>1,028,941</b>	<b>3,222,782</b>
<b>Total assets less current liabilities</b>	<b>4,705,892</b>	<b>1,979,721</b>	<b>6,685,613</b>
Non-current liabilities			
Borrowings	300,000	–	300,000
Deferred tax liabilities	116,132	–	116,132
Other payables	–	316,966	316,966
<b>Total non-current liabilities</b>	<b>416,132</b>	<b>316,966</b>	<b>733,098</b>
<b>Total liabilities</b>	<b>5,875,007</b>	<b>1,499,037</b>	<b>7,374,044</b>
<b>NET ASSETS</b>	<b>4,289,760</b>	<b>1,662,755</b>	<b>5,952,515</b>
Capital and reserves attributable to owners of the Company			
Share capital	863,308	–	863,308
Reserves	2,901,372	1,662,755	4,564,127
<b>Equity attributable to owners of the Company</b>	<b>3,764,680</b>	<b>1,662,755</b>	<b>5,427,435</b>
Non-controlling interests	525,080	–	525,080
<b>TOTAL EQUITY</b>	<b>4,289,760</b>	<b>1,662,755</b>	<b>5,952,515</b>

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Merger Accounting for Business Combination Involving Entities Under Common Control (Continued)

The effect of restatements on the consolidated statement of financial position as at 31 December 2017 is as follows:

	As at 31 December 2017 RMB'000 (Originally stated)	Business combination of entities under common control RMB'000	As at 31 December 2017 RMB'000 (Restated)
<b>ASSETS</b>			
Non-current assets			
Payments for leasehold land held for own use under operating leases	8,728	134,986	143,714
Property, plant and equipment	128,258	772,441	900,699
Construction in progress	826	65,794	66,620
Investment property	594,362	–	594,362
Intangible assets	441,969	7,337	449,306
Interests in associates	90,315	–	90,315
Investment in joint venture	1,601	–	1,601
Available-for-sale financial assets	20,785	–	20,785
Trade and other receivables	965,543	–	965,543
Deferred tax assets	49,020	4,272	53,292
<b>Total non-current assets</b>	<b>2,301,407</b>	<b>984,830</b>	<b>3,286,237</b>
Current assets			
Inventories	118,444	228,467	346,911
Trade and other receivables	4,624,305	938,316	5,562,641
Amounts due from customers for contract work	30,070	–	30,070
Restricted bank deposits	766,068	–	766,068
Cash and cash equivalents	563,296	18,153	581,449
<b>Total current assets</b>	<b>6,102,203</b>	<b>1,184,936</b>	<b>7,287,139</b>
<b>Total assets</b>	<b>8,403,610</b>	<b>2,169,766</b>	<b>10,573,376</b>



## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Merger Accounting for Business Combination Involving Entities Under Common Control (Continued)

	As at 31 December 2017 RMB'000 (Originally stated)	Business combination of entities under common control RMB'000	As at 31 December 2017 RMB'000 (Restated)
<b>LIABILITIES</b>			
Current liabilities			
Trade and other payables	2,737,519	253,075	2,990,594
Amounts due to customers for contract work	60,473	–	60,473
Borrowings	2,423,199	–	2,423,199
Current tax liabilities	139,856	(63)	139,793
<b>Total current liabilities</b>	<b>5,361,047</b>	<b>253,012</b>	<b>5,614,059</b>
Net current assets	741,156	931,924	1,673,080
<b>Total assets less current liabilities</b>	<b>3,042,563</b>	<b>1,916,754</b>	<b>4,959,317</b>
Non-current liabilities			
Borrowings	500,000	–	500,000
Deferred tax liabilities	134,166	–	134,166
Other payables	5,315	259,035	264,350
<b>Total non-current liabilities</b>	<b>639,481</b>	<b>259,035</b>	<b>898,516</b>
<b>Total liabilities</b>	<b>6,000,528</b>	<b>512,047</b>	<b>6,512,575</b>
<b>NET ASSETS</b>	<b>2,403,082</b>	<b>1,657,719</b>	<b>4,060,801</b>
Capital and reserves attributable to owners of the Company			
Share capital	863,308	–	863,308
Reserves	1,179,214	1,657,719	2,836,933
<b>Equity attributable to owners of the Company</b>	<b>2,042,522</b>	<b>1,657,719</b>	<b>3,700,241</b>
Non-controlling interests	360,560	–	360,560
<b>TOTAL EQUITY</b>	<b>2,403,082</b>	<b>1,657,719</b>	<b>4,060,801</b>

The effect of the restatement on the Group's basic and diluted earnings per share for the six months ended 30 June 2017 is as follows:

	For the six months ended 30 June 2017 RMB
Originally stated	0.026
Adjustments arising from business combination of entities under common control	0.03
<b>Unaudited and restated</b>	<b>0.029</b>

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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

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

## 3. TURNOVER AND OTHER INCOME AND GAINS

Turnover represents the income from road and bridge construction, sale of petrochemical, agricultural and agrochemical products and pesticide 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	
	2018 RMB'000	2017 RMB'000 (Restated)
Turnover:		
Road and bridge construction	748,361	551,609
Sale of petrochemical and agricultural products	967,163	8,586,977
Financial leasing and commercial factoring	19,688	146,415
Agricultural big-data services	7,335	3,967
Cold-chain logistic services	34,959	11,608
Sale of agrochemical products	732,228	812,135
	<b>2,509,734</b>	<b>10,112,711</b>
Other income and gains:		
Government grants	16,847	5,478
Interest income	2,059	7,995
Others	29,457	23,121
	<b>48,363</b>	<b>36,594</b>

## 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 2018, 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 2018 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	Agrochemical products supply chain services RMB'000	Total RMB'000
Total segment revenue	748,361	967,163	19,688	7,335	34,959	732,228	2,509,734
Inter-segment revenue	-	-	-	-	-	-	-
<b>Reportable segment revenue from external customers</b>	<b>748,361</b>	<b>967,163</b>	<b>19,688</b>	<b>7,335</b>	<b>34,959</b>	<b>732,228</b>	<b>2,509,734</b>
Reportable segment profit	4,612	(3,100)	(1,100,781)	393	2,716	49,088	(1,047,072)
Finance costs	(17,160)	(39,625)	(7,535)	(22)	(3,748)	(7,368)	(75,458)
Share of profit/(loss) of associates	548	(15,349)	-	-	-	-	(14,801)
Loss before income tax expense							(1,137,331)
Income tax credit							892
<b>Loss for the period</b>							<b>(1,136,439)</b>

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	Agrochemical products supply chain services RMB'000	Total RMB'000 (Restated)
Total segment revenue	551,609	8,586,977	146,415	3,967	11,608	812,135	10,112,711
Inter-segment revenue	-	-	-	-	-	-	-
<b>Reportable segment revenue from external customers</b>	<b>551,609</b>	<b>8,586,977</b>	<b>146,415</b>	<b>3,967</b>	<b>11,608</b>	<b>812,135</b>	<b>10,112,711</b>
Reportable segment profit	84,116	131,726	98,514	1,501	3,963	30,276	350,096
Finance (costs)/income	(1,869)	(26,660)	7	-	(3,723)	(2,005)	(34,250)
Share of profit/(loss) of associates	-	(425)	226	-	-	-	(199)
<b>Profit before income tax expense</b>							<b>315,647</b>
Income tax expense							(71,555)
<b>Profit for the period</b>							<b>244,092</b>

#### 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 2018							Six months ended 30 June 2017						
	Agricultural and petrochemical	Financial leasing and commercial	Agricultural big-data	Cold-chain logistic services	Agrochemical products supply chain services	Total		Agricultural and petrochemical	Financial leasing and commercial	Agricultural big-data	Cold-chain logistic services	Agrochemical products supply chain services	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation	3,352	1,255	349	342	16,689	32,598	54,585	3,607	2,470	256	303	4,087	30,472	41,195
Amortisation	113	-	1	65	491	2,036	2,706	117	-	2	65	134	1,942	2,261

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 2018 are as follows:

	Agricultural and petrochemical	Financial leasing and commercial	Agricultural big-data	Cold-chain logistic services	Agrochemical products supply chain services	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Reportable segment assets	3,088,049	2,473,569	586,271	542,772	748,704	2,103,992	9,543,357
Reportable segment liabilities	2,017,333	1,986,245	1,309,534	271,674	159,033	1,419,656	7,163,475

The reportable segment assets and liabilities at 31 December 2017 are as follows:

	Agricultural and petrochemical	Financial leasing and commercial	Agricultural big-data	Cold-chain logistic services	Agrochemical products supply chain services	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Reportable segment assets	3,104,010	1,471,416	2,517,325	552,622	758,237	2,169,766	10,573,376
Reportable segment liabilities	1,976,814	2,114,536	1,533,041	295,111	81,026	512,047	6,512,575

##### (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	
	2018	2017
	RMB'000	RMB'000 (Restated)
Interest expense on borrowing wholly repayable within five years and discounted commercial notes	77,184	42,203
Less: amount capitalised ( <i>note</i> )	(1,726)	(7,953)
	75,458	34,250

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 2017: 5.23%) per annum to expenditure on qualifying assets.

## 6. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

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

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000 (Restated)
Depreciation of investment properties and property, plant and equipment	54,585	41,195
Staff costs	99,371	79,494
Cost of inventories recognised as expenses	1,545,839	9,135,430
Operating lease rental expenses in respect of – Land and buildings	7,747	6,598
Impairment loss/(reversal of impairment loss) on trade and other receivables, net	1,104,355	(2,427)

## 7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000 (Restated)
Current income tax		
PRC enterprise income tax	3,422	71,555
Hong Kong profits tax	–	–
Deferred income tax	(4,314)	–
	(892)	71,555

Profits of subsidiaries established in the PRC are subject to enterprise income tax at 25% (six months ended 30 June 2017: 25%). Profits of subsidiaries established in Hong Kong are subject to Hong Kong profits tax of 16.5% (six months ended 30 June 2017: 16.5%).

## 8. (LOSS)/EARNINGS PER SHARE

(Loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company of RMB979,823,000 (six months ended 30 June 2017: RMB230,105,000) by the weighted average number of ordinary shares in issue throughout the period of 8,604,890,441 shares (six months ended 30 June 2017: 7,951,761,132 shares as restated).

	For the six months ended 30 June	
	2018	2017 (Restated)
(Loss)/profit attributable to owners of the Company (RMB'000)	<b>(979,823)</b>	230,105
Weighted average number of ordinary shares in issue (thousands)	<b>8,604,890</b>	7,951,761
Basic (loss)/earnings per share (RMB per share)	<b>(0.114)</b>	0.029

Diluted (loss)/earnings per share equals to basic (loss)/earnings per share, as there were no potential dilutive ordinary shares issued during the six months ended 30 June 2018 and 2017.

## 9. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

## 10. INVENTORIES

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000 (Restated)
Petrochemical products and agricultural products for resale	<b>41,974</b>	51,672
Other construction materials	<b>89,904</b>	65,884
Asphalt	<b>729</b>	355
Third party payment services equipments	<b>488</b>	459
Consumables	<b>-</b>	74
Pesticide products	<b>111,697</b>	130,778
Raw materials	<b>78,901</b>	97,689
	<b>323,693</b>	346,911

## 11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000 (Restated)
Trade receivables	2,637,306	3,260,510
Commercial notes receivable	34,083	14,141
Retention sum for construction contracts	348,990	494,614
Finance lease receivables	222,829	301,574
Factoring loan receivables	2,704,878	3,461,798
	<b>5,948,086</b>	7,532,637
Prepayments and deposits	2,337,530	351,884
Other receivables	368,746	859,088
Amounts due from associates	–	250
Held-to-maturity financial assets	61,000	61,000
Less: Impairment losses	<b>(3,381,030)</b>	(2,276,675)
Total	<b>5,334,332</b>	6,528,184
Classified as:		
Non-current assets	993,414	965,543
Current assets	4,340,918	5,562,641
	<b>5,334,332</b>	6,528,184

## 11. TRADE AND OTHER RECEIVABLES *(Continued)*

The ageing analysis of trade and notes receivables for road and bridge construction, sale of petrochemical, agricultural and agrochemical 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 aging analysis is based on the lease and loan commencement dates set out in the relevant contracts. The details of aging analysis are before impairment loss as follows:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000 (Restated)
Road and bridge construction <i>(note (a))</i>		
Less than 6 months	<b>916,906</b>	1,410,888
6 months to less than 1 year	<b>319,021</b>	278,114
1 year to less than 2 years	<b>464,976</b>	463,355
2 years to less than 3 years	<b>51,942</b>	260,286
Over 3 years	<b>21,568</b>	38,681
	<b>1,774,413</b>	2,451,324
Agricultural and petrochemical products supply chain services <i>(note (b))</i>		
Less than 31 days	<b>39,492</b>	755,862
31 to 60 days	<b>54,063</b>	46,185
61 to 90 days	<b>291</b>	112,581
91 days to less than 1 year	<b>743,029</b>	219,942
1 year to less than 2 years	<b>23,998</b>	–
2 years to less than 3 years	<b>10,467</b>	10,467
Over 3 years	<b>22,744</b>	43,831
	<b>894,084</b>	1,188,868
Finance lease and commercial factoring business <i>(note (c))</i>		
Less than 6 months	<b>1,258,250</b>	3,634,749
6 months to less than 1 year	<b>1,624,538</b>	75,840
1 year to less than 2 years	<b>41,484</b>	52,784
Over 2 years	<b>3,435</b>	–
	<b>2,927,707</b>	3,763,373



## 11. TRADE AND OTHER RECEIVABLES (Continued)

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000 (Restated)
Agricultural big-data services:		
Less than 6 months	7,142	7,161
6 months to less than 1 year	127	244
1 year to less than 2 years	206	–
	<b>7,475</b>	<b>7,405</b>
Cold-chain logistic services		
Less than 30 days	4,276	5,536
31 to 60 days	3,445	12,584
61 to 90 days	1,930	1,642
91 days to less than 1 year	15,036	2,696
	<b>24,687</b>	<b>22,458</b>
Agrochemical products supply chain services		
Less than 6 months	294,804	66,565
1 year to less than 2 years	24,046	29,192
2 years to less than 3 years	854	3,440
Over 3 years	16	12
	<b>319,720</b>	<b>99,209</b>
<b>Total</b>	<b>5,948,086</b>	<b>7,532,637</b>

## 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 day 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 2018 RMB'000	As at 31 December 2017 RMB'000 (Restated)
Trade payables	1,122,382	1,576,908
Notes payable	464,639	670,805
	<b>1,587,021</b>	<b>2,247,713</b>
Amount due to an associate	–	259
Deposits received	361,436	180,238
Other payables	1,327,872	826,265
Accruals	34,665	469
	<b>3,310,994</b>	<b>3,254,944</b>
Less: non-current portion	<b>(257,661)</b>	<b>(264,350)</b>
Current portion	<b>3,053,333</b>	<b>2,990,594</b>

## 12. TRADE AND OTHER PAYABLES (Continued)

The following is the ageing analysis of trade payables, presented based on the invoice date.

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000 (Restated)
Road and bridge construction		
Less than 6 months	641,691	598,416
6 months to less than 1 year	112,209	124,143
1 year to less than 2 years	174,823	214,117
2 years to less than 3 years	23,619	61,832
3 years and over	20,952	19,064
	<b>973,294</b>	<b>1,017,572</b>
Agricultural and petrochemical products supply chain services		
Less than 30 days	160	485,979
31 to 60 days	112	107,397
61 to 90 days	29,608	135,776
91 days to less than 1 year	366,643	343,941
1 year to less than 2 years	7	7
2 years to less than 3 years	9	9
3 years and over	189	189
	<b>396,728</b>	<b>1,073,298</b>
Provision of agricultural big data services:		
Less than 30 days	1,166	3,693
31 to 60 days	50	-
61 to 90 days	697	-
	<b>1,913</b>	<b>3,693</b>
Finance Lease and commercial factoring business		
6 months to less than 1 year	-	20,000
	<b>-</b>	<b>20,000</b>

## 12. TRADE AND OTHER PAYABLES (Continued)

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000 (Restated)
Cold-chain logistic services		
Less than 6 months	1,568	1,042
6 months to less than 1 year	20	2
1 year to less than 2 years	440	1,416
2 years to less than 3 years	160	51
3 years and over	4,719	3,897
	<b>6,907</b>	<b>6,408</b>
Agrochemical products supply chain services		
Less than 6 months	188,133	107,598
6 months to less than 1 year	19,090	7,546
1 year to less than 2 years	179	4,200
2 years to less than 3 years	115	3,800
3 years and over	662	3,598
	<b>208,179</b>	<b>126,742</b>
<b>Total</b>	<b>1,587,021</b>	<b>2,247,713</b>

## 13. BORROWINGS

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000 (Restated)
Bank borrowings		
Secured – interest-bearing loans	2,714,652	1,422,658
Unsecured – interest-bearing loans	–	493,590
	<b>2,714,652</b>	<b>1,916,248</b>
Other borrowings		
Secured – interest-bearing loans	900,882	1,006,951
	<b>3,615,534</b>	<b>2,923,199</b>

### 13. BORROWINGS (Continued)

At 30 June 2018 and 31 December 2017, total borrowings of the Group were repayable as follows:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000 (Restated)
On demand or within one year	3,006,842	2,423,199
More than two years, but not exceeding five years	608,692	500,000
	3,615,534	2,923,199

### 14. SHARE CAPITAL

	Number of ordinary shares	Amount RMB'000
Authorised, issued and fully paid:		
Ordinary share of RMB0.1 each		
At 1 January 2017	7,633,079,812	763,308
Subscription of shares (note i)	1,000,000,000	100,000
At 30 June 2017 and 31 December 2017	8,633,079,812	863,308
Placing of shares (note ii)	918,000,000	91,800
At 30 June 2018	9,551,079,812	955,108

- i On 27 February 2017, the Board 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.
- ii On 19 January 2018, an aggregate of 918,000,000 H Shares of the Company were placed through a placing agent at HK\$0.65 per placing share to a placee, the gross proceeds of which amounted to HK\$596.7 million.

## 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)
<b>Net assets acquired</b>	<b>461,756</b>
Total cash consideration	286,170
Less: Net assets acquired	(461,756)
Add: Net assets value on non-controlling interests	226,260
<b>Goodwill</b>	<b>50,674</b>

## 16. FAIR VALUE AND FAIR VALUE HIERARCHY

The management of the Company 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 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 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)		
Available-for-sale listed equity securities	4,985	4,985	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 2018 and the year ended 31 December 2017.

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. EVENTS AFTER THE REPORTING PERIOD

1. On 20 July 2018, the Company entered into a memorandum (the “Memorandum”) with an independent third party (the “Due Diligence Party”) in respect of the potential cooperation in the Company. Upon signing of the Memorandum, the Company agreed that personnel of the Due Diligence Party and the relevant intermediaries as commissioned by it shall conduct legal, financial and other due diligence on the Company’s relevant assets, which will be used as a reference for the probability and feasibility for subsequent cooperation. Pursuant to the Memorandum, the personnel of the Due Diligence Party and the relevant intermediaries as commissioned by it shall complete the due diligence within next three months from the effective date of the Memorandum.
2. Tianjin Galaxy Commercial Factoring Co., Ltd. (“Tianjin Galaxy”) and Hong Kong Dasheng Investment Holdings Company Limited (“HK Dasheng Investment”), as guarantor to a refactoring loan, entered into a settlement arrangement in respect of the outstanding repayment of Ruiying Xinrong (Shenzhen) Commercial Factoring Co., Limited (“Ruiying”) in a principal amount of RMB255 million and all related interests (the “Debt”). Under the settlement arrangement, the Debt has been fully settled by HK Dasheng Investment. HK Dasheng Investment has unconditionally and irrevocably agreed in writing to waive its right to claim Ruiying for any cost or liability under the settlement arrangement for the Debt made between HK Dasheng Investment and Tianjin Galaxy. As at 27 August 2018, Ruiying has been released from any liabilities and obligations borne under the Debt. The Company was informed by Tianjin Galaxy that an application of withdrawal has been made by Tianjin Galaxy to the Tianjin Higher People’s Court.



## Management Discussion and Analysis

### FINANCIAL AND BUSINESS REVIEW

Looking back into the first half of 2018, the Chinese economy was still under fluctuation and adjustment with no signs of significant turnaround in the general market environment. In view of the current business operation conditions, the Group adjusted its operating strategies accordingly and gradually shifted its business focus to the agricultural industrial chain production sector after prudent review of its existing businesses.

Adhering to the above strategy, on 23 March 2018, the Group announced the acquisition of the entire equity interests in Anhui Huaxing Chemical Industry Company Limited (“Anhui Huaxing”).

In view of this and in order to provide investors with a clearer description on the current development strategies for each of the Company’s business segments, the Group added a new business segment, namely “agrochemical products supply chain services”, to its existing business segments.

Meanwhile, in order to enhance the liquidity of the Group, on 21 May 2018, the Company entered into an investment framework agreement with Black Peony (Group) Co., Ltd.\* (黑牡丹(集團)股份有限公司) (“Black Peony”), pursuant to which the Company intended to sell part of the equity interests in Nantong Road and Bridge Engineering Co., Ltd.\*(南通路橋工程有限公司) (“Nantong Road and Bridge”), in which the Company holds 91.3020% equity interests, to Black Peony. As at the date of this announcement, the possible disposal has not been materialised.

During the period under review, turnover of the Group was approximately RMB2,509,734,000, representing a decrease of approximately 75% as compared to the same period of last year. During the period under review, the Group recorded a gross profit of approximately RMB206,614,000, representing a decrease of approximately 56% as compared to the same period of last year. Loss attributable to owners of the Group was approximately RMB979,823,000, representing a decrease of approximately 526% as compared to the same period of last year.

## Management Discussion and Analysis (Continued)

### BUSINESS OPERATIONS

The existing main businesses of the Group comprise six sectors, namely “agrochemical products supply chain services”, “agricultural big data services business”, “financial leasing and commercial factoring business”, “agricultural and petrochemical products supply chain service business”, “road and bridge construction business” and “cold chain logistics business”. During the first half of 2018, the Group consolidated and optimised its existing businesses from two perspectives, namely restructuring of agricultural industrial value chain and internal and external integration of agricultural industrial chain, thereby ensuring the diversity of the Company’s business operation. On the basis of the above strategy, in the first half of 2018, the Group completed the merger and acquisition of Anhui Huaxing. Anhui Huaxing is principally engaged in the production and sale of pesticides and chemical products. It is a national-level key high-tech enterprise under the “Torch Programme” that integrates the production, research and development and sales of basic chemical products and pesticide chemical products. This merger and acquisition will facilitate the development of a new profit centre for the business operation of the Group.

### AGROCHEMICAL PRODUCTS SUPPLY CHAIN SERVICES

Through the acquisition of Anhui Huaxing in March 2018, the Group currently owns approximately 100% interests in the Anhui Huaxing in aggregate, and hence obtained control over Anhui Huaxing. Anhui Huaxing is principally engaged in the production of pesticide and chemical products, which comprises three main series, namely insecticides, herbicides and germicides, with over 40 original drugs and over 100 extract varieties. It is the largest production base and export base for monosultap and bisultap in the PRC, and a globally major producer and supplier of herbicides, bisphosphane and glyphosate. On the existing basis, Anhui Huaxing will further increase its production scale, enhance its core technologies and services so as to improve its results and strive to establish Anhui Huaxing as a first-class enterprise engaging in agricultural means of production in both the PRC and around the world.

For the six months ended 30 June 2018, turnover of the Group’s agrochemical products supply chain services was approximately RMB732,228,000, representing approximately 29.18% of the total turnover of the Group; the gross profit was approximately RMB122,005,000, and the gross margin was approximately 16.66%.

### AGRICULTURAL BIG DATA SERVICE BUSINESS

For the six months ended 30 June 2018, turnover of the Group’s agricultural big data services business was approximately RMB7,335,000, representing approximately 0.29% of the total turnover of the Group; the gross profit was approximately RMB5,215,000, and the gross margin was approximately 71.10%.

## Management Discussion and Analysis (Continued)

### FINANCIAL LEASING AND COMMERCIAL FACTORING BUSINESS

For the six months ended 30 June 2018, turnover of the Group's financial leasing and commercial factoring business was approximately RMB19,688,000, accounting for approximately 0.78% of the total turnover of the Group; the gross loss was approximately RMB6,114,000.

### AGRICULTURAL AND PETROCHEMICAL PRODUCT SUPPLY CHAIN SERVICE BUSINESS

For the six months ended 30 June 2018, turnover of the Group's agricultural and petrochemical product supply chain service business was approximately RMB967,163,000 (30 June 2017: approximately RMB8,586,977,000), accounting for approximately 38.54% of the total turnover of the Group; the gross profit was approximately RMB27,836,000 (30 June 2017: approximately RMB163,584,000), representing a decrease of approximately 82.98% as compared to the same period last year.

### ROAD AND BRIDGE CONSTRUCTION BUSINESS

For the six months ended 30 June 2018, turnover of the Group's road and bridge construction business was approximately RMB748,361,000 (30 June 2017: approximately RMB551,609,000), accounting for approximately 29.82% of the Group's total turnover. Gross profit was approximately RMB42,830,000 (30 June 2017: approximately RMB83,372,000), representing a year-on-year decrease of approximately 48.63%, whereas gross profit margin decrease from approximately 15.11% in the same period last year to approximately 5.72% in this reporting period.

### COLD CHAIN LOGISTICS BUSINESS

For the six months ended 30 June 2018, turnover of the Group's cold chain logistics business was approximately RMB34,959,000 (30 June 2017: approximately RMB11,608,000), representing approximately 1.39% of the total turnover of the Group; the gross profit was approximately RMB14,842,000 (30 June 2017: approximately RMB4,382,000), representing a year-on-year increase of approximately 239%, whereas gross profit margin decrease from approximately 37.75% in the same period last year to approximately 42.46% in this reporting period.

### OTHER INCOME AND GAINS

For the six months ended 30 June 2018, the Group's other income and gains were approximately RMB48,363,000 (six months ended 30 June 2017: approximately RMB36,594,000 (restated)).

## Management Discussion and Analysis (Continued)

### DISTRIBUTION COSTS

For the six months ended 30 June 2018, the Group's distribution costs were approximately RMB39,371,000 (six months ended 30 June 2017: approximately RMB48,499,000 (restated)), representing a decrease of approximately 19% as compared to the same period of last year.

### ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2018, administrative expenses of the Group were approximately RMB147,847,000 (six months ended 30 June 2017: approximately RMB113,517,000 (restated)). The increase in administrative expenses of the Group was mainly attributable to the R&D cost incurred during the period.

### IMPAIRMENT LOSS/(REVERSAL OF IMPAIRMENT LOSS) ON TRADE AND OTHER RECEIVABLES

For the six months ended 30 June 2018, the impairment loss on trade and other receivables amounting to approximately RMB1,114,831,000 was made by estimating the recoverability of the past-due receivables which was mainly affected by CEFC events and Shenzhen Dasheng events.

### FINANCE COSTS

For the six months ended 30 June 2018, finance costs of the Group were approximately RMB75,458,000, representing an increase of approximately 120% compared to RMB34,250,000 (restated) of the corresponding period of last year.

### (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the six months ended 30 June 2018, the loss attributable to owners of the Group was approximately RMB979,823,000 (six months ended 30 June 2017: profit attributable to owners of the Company approximately RMB230,105,000 (restated)), representing a decrease of approximately 526% as compared with the corresponding period of last year. The basic and diluted loss per share attributable to owners of the Company during the period were approximately RMB0.114 (six months ended 30 June 2017: earnings per share attributable to owners of the Company approximately RMB0.029 (restated)), representing a decrease of approximately 493% as compared with the corresponding period of last year.

## Management Discussion and Analysis (Continued)

### CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

#### Capital Structure

As of 30 June 2018, the Group had total assets less current liabilities of approximately RMB3,379,088,000 (31 December 2017: approximately RMB4,959,317,000 (restated)), including non-current assets of approximately RMB3,507,106,000 (31 December 2017: RMB3,286,238,000 (restated)) and net current liabilities of approximately RMB128,018,000 (31 December 2017: net current assets of approximately RMB1,673,079,000 (restated)).

As of 30 June 2018, the Group's equity attributable to owners of the Company was approximately RMB2,175,816,000, representing a decrease of approximately 41% as compared to that of 31 December 2017, which was mainly attributable to significant loss incurred during the period.

#### Liquidity and Financial Resources

As at 30 June 2018 and 31 December 2017, the Group had restricted bank deposits and cash and cash equivalents of approximately RMB953,352,000 and RMB1,347,517,000 (restated), respectively.

As at 30 June 2018 and 31 December 2017, the Group had short-term borrowings of approximately RMB3,006,842,000 and RMB2,423,199,000 (restated), respectively.

As at 30 June 2018 and 31 December 2017, the Group had long-term borrowings of approximately RMB608,692,000 and RMB500,000,000 (restated), respectively.

As at 30 June 2018 and 31 December 2017, debt asset ratios of the Group were approximately 75% and 71%, respectively. Debt asset ratio was calculated as the percentage of total liabilities divided by total assets.

#### Contingent Liabilities

As at 30 June 2018, the Group did not have significant contingent liabilities (31 December 2017: Nil).

#### 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.

## Management Discussion and Analysis (Continued)

### PLEDGE OF ASSETS

As at 30 June 2018, the Group's payments for leasehold land held for own use under operating leases with a net book value of approximately RMB7,776,000 (31 December 2017: approximately RMB7,865,000) were pledged as security for the Group's bank borrowings. As at 30 June 2018, property, plant and equipment with a net book value of approximately RMB607,782,000 (31 December 2017: approximately RMB509,778,000) were pledged as security for the Group's borrowings. As at 30 June 2018, equity interests in certain subsidiary has been pledged to secure the repayment obligation of the debt with an aggregated amount of approximately RMB148,825,000. As at 30 June 2018, the Group had restricted bank deposits of approximately RMB553,616,000 (31 December 2017: approximately RMB536,682,000) 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 2018, the Group had 1,847 employees (31 December 2017: 848 employees). During the period under review, total employees' remuneration (including directors' remuneration) amounted to approximately RMB99,371,000 (six months ended 30 June 2017: approximately RMB79,494,000 (restated)). 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 23 March 2018, the Company (as purchaser) entered into the sale and purchase agreement with 安徽大生年年富生物科技有限公司 (Anhui Dasheng Niannianfu Bio-technology Company Limited\*) ("Anhui Dasheng") (as the Vendor) in relation to the acquisition of 100% equity interest of Anhui Huaxing at the consideration of RMB5,577,038.39. Upon the completion of the said acquisition, Anhui Huaxing would become a direct wholly-owned subsidiary of the Company. The acquisition was completed on March 2018. Details of the said acquisition was set out in the announcement of the Company dated 23 March 2018.

## Management Discussion and Analysis (Continued)

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

On 21 May 2018, the Company (as vendor) entered into an investment framework agreement (the "IF Agreement") with 黑牡丹(集團)股份有限公司 (Black Peony (Group) Co., Ltd.\*) ("Black Peony") (as purchaser) and 南通路橋工程有限公司 ("Nantong Road and Bridge Engineering Co., Ltd.\*)" ("Nantong Road and Bridge") (as target company), a non-wholly owned subsidiary of the Company, pursuant to which the Company has intended to sell and Black Peony has intended to purchase part of the equity interest in Nantong Road and Bridge held by the Company. On 4 July 2018, the Company, Black Peony and Nantong Road and Bridge entered into a supplemental agreement to the IF Agreement to extend the exclusivity period and the validity period of the IF Agreement. As at the date of this announcement, the possible disposal has not been materialised. The parties will further discuss on the possible disposal and may enter into formal agreement on or before the expiry of the exclusivity period. Details of the said possible disposal are set out in the announcements of the Company dated 21 May 2018 and 4 July 2018.

### FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed, the Company did not have any future plans for significant investments or capital assets as at the date of this announcement, but the Company may, at any point, be negotiating potential investments when considering it is appropriate.

## Management Discussion and Analysis (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, which has been fully utilised in accordance with the use of proceeds as disclosed in the announcements of the Company dated 9 March 2016, 31 March 2016, 16 May 2016 and 6 February 2018 and the circular of the Company dated 30 September 2015. The respective uses of the net proceeds up to 30 June 2018 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	–
Settlement of payables for trading of agricultural and petrochemical products	166,000	166,000	–
Developing software application, database and electronic settlement system for the smart wholesale market, marketing of Yingdian Life Card, and recruitment of staff	50,000	50,000	–
Repayment of the Group's indebtedness	600,000	600,000	–
General working capital	126,000	126,000	–
<b>Total</b>	<b>1,615,000</b>	<b>1,615,000</b>	<b>–</b>

On 27 February 2017, 450,000,000 and 550,000,000 new domestic shares of RMB0.10 each were allotted and issued for cash at the subscription price of RMB0.5708 (equivalent to HK\$0.65) per domestic share to Shenzhen Dasheng and Zhenjiang Runde Equity Investment Fund Ltd., respectively and on 19 January 2018, an aggregate of 918,000,000 new H shares of RMB0.10 each were placed at HK\$0.65 per placing share to Hua Shang Pearl Agriculture Investment Fund pursuant to the shareholders' approval at the extraordinary general meeting held on 20 January 2017 (the "2017 Subscription and Placing"). The net proceeds from the 2017 Subscription and Placing after deducting share issuance expenses were approximately HK\$1,227.5 million which were intended to applied to finance the development of the Group's agricultural finance business, agricultural trading related business, investment in agriculture-related industry investment funds, repayment of existing indebtedness and settlement of payables for trading of agricultural products as set out in the announcements of the Company dated 27 February 2017, 19 January 2018 and 6 February 2018 and the circular of the Company dated 5 December 2016. The respective uses of the net proceeds up to 30 June 2018 were as follows:



## Management Discussion and Analysis (Continued)

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

	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	479,000	–
(i) be applied towards Ever Fortune	160,000	160,000	–
(ii) be applied towards Ruiying Xinrong (Shenzhen) Commercial Factoring Co., Limited	319,000	319,000	–
(b) 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	–
(c) investment in agriculture-related industry investment funds	349,500	–	349,500
(d) repayment of the existing indebtedness	62,000	62,000	–
(e) settlement of payables for trading of agricultural products	328,000	328,000	–
	1,227,500	878,000	349,500

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 6 February 2018 in relation to the change in use of proceeds from the 2017 Subscription and Placing.

## Management Discussion and Analysis (Continued)

### LEGAL PROCEEDINGS

During the period and up to the date of this announcement, the Group has been involved in the following legal proceedings.

- 1) On 10 April 2018, Tianjin Galaxy Commercial Factoring Co., Ltd. ("Tianjin Galaxy") issued and filed a statement of claim against Ruiying Xinrong (Shenzhen) Commercial Factoring Co., Limited ("Ruiying"), a non-wholly owned subsidiary of the Company, and Shenzhen Dasheng under Tianjin Higher People's Court for a breach of refactoring agreements due to default in repayment of financing in a principal amount of RMB255 million and all related interests (the "Tianjin Galaxy Financing"). Dasheng (Fujian) Agricultural Ltd., Hong Kong Dasheng Investment Holdings Company Limited ("HK Dasheng Investment") (both being subsidiaries of Shenzhen Dasheng) and Mr. Lan Huasheng (an executive Director and chairman of the Board), being the guarantors to the Tianjin Galaxy Financing, were also named as defendants in the statement of claim. Subsequently, Tianjin Galaxy entered into a settlement arrangement with HK Dasheng Investment. Under the settlement arrangement, the outstanding repayment under the Tianjin Galaxy Financing (the "Debt") has been fully settled by HK Dasheng Investment. HK Dasheng Investment has unconditionally and irrevocably agreed in writing to waive its right to claim Ruiying for any cost or liability under the settlement arrangement for the Debt made between HK Dasheng Investment and Tianjin Galaxy. Ruiying has been released from any liabilities and obligations borne under the Tianjin Galaxy Financing. The Company was informed by Tianjin Galaxy that an application of withdrawal has been made by Tianjin Galaxy to the Tianjin Higher People's Court.
- 2) On 23 April 2018, Bank of Shanghai Co., Ltd., Pudong Branch issued and filed three statements of claim, one of which against Shanghai Dasheng Agricultural Products Co., Ltd. and two of which against Shanghai Dasheng Agro-chemical Co., Ltd., both are wholly-owned subsidiaries of the Company, under the People's Court of Pudong New Area of Shanghai for a breach of loan agreements due to default in repayments of loans in an aggregate principal amount of RMB89.9 million and all related interests. Shenzhen Dasheng and the Company, both being the guarantors to the loans, were named as defendants in the statements of claim. The hearings of the legal proceedings, which were originally scheduled to be held on 21 June 2018 at the court, were rescheduled and new hearing dates have yet to be set. In the opinion of the Directors, the legal proceedings will not significantly affect the Group's normal operations and financial position.
- 3) In May 2018, one plaintiff applied for property preservation on the Company's equity interest in Nantong Road and Bridge amounting to approximately RMB49,972,000, as well as the Company's equity interest in Anhui Huaxing amounting to approximately RMB10,024,000. In June 2018, another plaintiff applied for property preservation on the Company's equity interest in Nantong Road and Bridge amounting to approximately RMB547,885,000, as well as the Company's equity interest in Anhui Huaxing amounting to approximately RMB180,000,000.

## Management Discussion and Analysis (Continued)

### LEGAL PROCEEDINGS (Continued)

- 4) On 5 June 2018, CEFC Shanghai Securities Limited issued and filed a statement of claim, against Shanghai Dasheng Agro-chemical Co., Ltd., under Shanghai No.2 Intermediate People's Court for a breach of loan agreement due to default in repayment of loan in a principal amount of RMB300 million and all related interests. The Company, Shenzhen Dasheng, Dasheng (Fujian) Agricultural Ltd. and HK Dasheng Investment, (both are subsidiaries of Shenzhen Dasheng), being the guarantors to the loan, were also named as defendants in the statement of claim. The Company has instructed its legal adviser to uphold its relevant rights in the legal proceeding. The Company is seeking legal advice in respect of the legal proceedings.
- 5) On 19 June 2018, Nanjing Dasheng Cold Chain Logistics Co., Limited, a non-wholly owned subsidiary of the Company, issued and filed a statement of claim, against Shanghai Dasheng Agro-chemical Co., Ltd., under Nanjing Intermediate People's Court for a breach of working capital loan agreement due to default in repayment of loan in a principal amount of RMB209,405,219 and all related interests. The Company, being the guarantor to the loan agreement, was also named as defendant in the statement of claim.

### PROSPECT

The Chinese government will implement the strategy for revitalization of rural areas and adhere to the key basic outline of its current policies for the Chinese agricultural industry of solving the problem of "Farmers, Villages and Agricultural Industry", continuing to step up the efforts in implementing the policy of strengthening agriculture, benefiting farmers and enriching farmers, and comprehensively deepening the agricultural reform. As for the pesticide market, with gradual and seasonal improvement in the pesticide raw material market, the pesticide market will be well supported in autumn. The enterprises engaging in agricultural means of production business under the Company will timely adjust their marketing strategies according to market changes and based on demand of the farmers, and will strive to ensure the sustainable and healthy development of the Group's agricultural means of production business through continuous innovation in terms of technologies, products and services.

Meanwhile, the Group will adapt to the situation to prevent and mitigate existing risks and promote the proprietary transformation and upgrade of its existing businesses. At the same time, based on the external market environment and the actual operating conditions of the Group, we will accelerate the restructuring of our current business and focus resources on developing our core business and explore new opportunities so as to enhance the shareholders' value.

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

As at 30 June 2018, 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 recorded in the register required to be kept under section 352 of the SFO; or (b) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (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) <i>(note 1 and 2)</i>	54.29%	19.04%
	H shares	Interest in controlled corporation	247,000,000 (L) <i>(note 1 and 3)</i>	3.98%	2.59%
2. Mr. Lu Tingfu (Supervisor)	domestic shares	Interest in controlled corporation	1,818,013,540 (L) <i>(note 1 and 2)</i>	54.29%	19.04%
	H shares	Interest in controlled corporation	247,000,000 (L) <i>(note 1 and 3)</i>	3.98%	2.59%
3. Mr. Wang Liguo (Executive Director)	domestic shares	Interest in controlled corporation	1,530,986,460 (L) <i>(note 4)</i>	45.71%	16.03%

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 247,000,000 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 247,000,000 H shares of the Company held by Shenzhen Dasheng and HK Dasheng Investment, respectively.
- (2) 1,818,013,540 domestic shares are charged by Shenzhen Dasheng in favour of a third party as security for a loan, and the loan amount is for Shenzhen Dasheng's own use.
- (3) 200,000,000 H shares are pledged by HK Dasheng Investment as security for a loan granted by a third party for its own use.
- (4) 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.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2018, the persons (not being a Director, Supervisor or chief executive of the Company) or companies had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept under section 336 of the SFO, or who were deemed to be interested, directly and/or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were listed as follows:

Name of Shareholders	Type of shares	Capacity	Total number of shares and Underlying shares	Approximate percentage of shareholding in such class of shares of the Company	Approximate percentage of shareholding in the issued shares capital of the Company
1. Qianhai Dasheng	domestic shares	Interest in controlled corporation	1,818,013,540 (L) (note 1 and 2)	54.29%	19.04%
	H shares	Interest in controlled corporation	247,000,000 (L) (note 1 and 3)	3.98%	2.59%
2. Dasheng Holdings	domestic shares	Interest in controlled corporation	1,818,013,540 (L) (note 1 and 2)	54.29%	19.04%
	H shares	Interest in controlled corporation	247,000,000 (L) (note 1 and 3)	3.98%	2.59%
3. Shenzhen Dasheng	domestic shares	Beneficial owner	1,818,013,540 (L) (note 1 and 2)	54.29%	19.04%
	H shares	Interest in controlled corporation	247,000,000 (L) (note 1 and 3)	3.98%	2.59%
4. HK Dasheng Investment	H shares	Beneficial owner	247,000,000 (L) (note 3)	3.98%	2.59%
5. Zhenjiang Runde	domestic shares	Beneficial owner	1,530,986,460 (L)	45.71%	16.03%
6. Xinzhong Stable Investment Fund Limited	H shares	Beneficial owner	1,592,000,000 (L) (note 4)	25.67%	16.67%
7. Zhong Hua	H shares	Interest in controlled corporation	1,592,000,000 (L) (note 4)	25.67%	16.67%
8. Li Gang	H shares	Interest in controlled corporation	368,224,000 (L) (note 5)	5.94%	3.86%

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

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
9. Hua Zhi Investment Limited	H shares	Interest in controlled corporation	368,224,000 (L) (note 5)	5.94%	3.86%
10. Wonderland International Financial Holdings Company	H shares	Interest in controlled corporation	368,224,000 (L) (note 5)	5.94%	3.86%
11. Wonderland International Asset Management Company	H shares	Interest in controlled corporation	368,224,000 (L) (note 5)	5.94%	3.86%
12. Hua Shang Pearl Agriculture Investment Fund	H shares	Beneficial owner	368,224,000 (L) (note 5)	5.94%	3.86%

L = Long position

Notes:

- (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 247,000,000 H shares of the Company held by Shenzhen Dasheng and HK Dasheng Investment, respectively, and Shenzhen Dasheng is deemed to be interested in the 247,000,000 H shares held by HK Dasheng Investment.
- (2) 1,818,013,540 domestic shares held by Shenzhen Dasheng are charged by Shenzhen Dasheng in favour of a third party as security for a loan, and the loan amount is for Shenzhen Dasheng's own use.
- (3) 200,000,000 H shares are pledged by HK Dasheng Investment as security for a loan granted by a third party for its own use.
- (4) The interests refer to the same parcel of shares of the Company.
- (5) The interests refer to the same parcel of shares of the Company.

## 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 2018.

## Corporate Governance

### CORPORATE GOVERNANCE CODE

The Board is of the view that throughout the six months ended 30 June 2018, 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 and the Supervisors confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2018.

## Purchase, Sales or Redemption of Listed Securities

During the six months ended 30 June 2018, 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") has adopted the terms of reference of Audit Committee aligned with the code provisions in the CG Code. The primary duties of the Audit Committee are to review and monitor the financial reporting process and internal controls system of the Group as well as overseeing the relationship with the Company's external auditor. The Audit Committee comprises 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 2018 and had the opinion that the preparation of the interim report is in compliance with the applicable accounting standards and requirements and the Listing Rules.



## Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

## Directors' Interest in a Competing Business

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

## Change of Supervisors

The changes of supervisors of the Company during the six months ended 30 June 2018 and thereafter are as follows:

On 26 July 2018, Mr. Jiang Feng and Ms. Xu Miaojie resigned as staff representative supervisors of the Company.

On 26 July 2018, Ms. Sun Ting and Mr. Wang Bin were elected as staff representative supervisors of the fifth session of the supervisory committee of the Company.

## Appreciation

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

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

Shanghai, the PRC, 30 August 2018



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