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# 上海大生農業金融科技股份有限公司

Shanghai Dasheng Agriculture Finance Technology Co., Ltd.

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

**(Stock code: 1103)**

## **CONTINUING CONNECTED TRANSACTION FINANCE LEASE AGREEMENTS**

### **FINANCE LEASE AGREEMENTS**

On 26 December 2016, Shanghai Runtong and Ruiying (Xiamen), both indirect non-wholly owned subsidiaries of the Company, entered into the Finance Lease Agreements with Nanjing Dasheng, pursuant to which, Ruiying (Xiamen) has conditionally agreed to purchase the Asset from Shanghai Runtong and lease the Asset to Nanjing Dasheng for the Consideration of RMB9,800,000 (equivalent to approximately to HK\$10,780,000) and Nanjing Dasheng has conditionally agreed to lease and purchase from Ruiying (Xiamen) the Asset for a term of three years.

### **LISTING RULES IMPLICATIONS**

The transaction contemplated under the Finance Lease Agreements will constitute a transaction under Chapter 14 of the Listing Rules. As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Finance Lease Agreements is less than 5%, the Finance Lease Agreements do not constitute a notifiable transaction for the Company.

As Nanjing Dasheng is a non-wholly owned subsidiary of Shenzhen Dasheng, it is an associate of Shenzhen Dasheng, Mr. Lan Huasheng and Mr. Lu Tingfu. Therefore, Nanjing Dasheng is a connected person to the Company and the Finance Lease Agreements constitute continuing connected transactions for the Company.

As one or more of the applicable percentage ratios (as defined in the Listing Rules), on an annual basis, are more than 0.1% but all of them are less than 5%, the transactions contemplated under the Finance Lease Agreements are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but exempted from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

## **I. SALE AND PURCHASE AGREEMENT**

**Date** : 26 December 2016

### **Parties**

**Vendor** : Shanghai Runtong, an indirect non-wholly owned subsidiary of the Company, which principal businesses are, among other things, issuance and acceptance of prepaid card and development of computer software

**Purchaser** : Ruiying (Xiamen), an indirect non-wholly owned subsidiary of the Company, which principal business is, among other things, financial leasing

**Ultimate User** : Nanjing Dasheng, a non-wholly owned subsidiary of Shenzhen Dasheng, which principal businesses are, among other things, production, wholesale and retails of elementary agricultural products, e-commerce and leisure tourism development

As at the date of this announcement, Shenzhen Dasheng, a substantial shareholder (as defined under the Listing Rules) of the Company, held 1,368,013,540 Domestic Shares directly and 2,250,000,000 H Shares indirectly, in aggregate representing approximately 47.4% of the existing issued share capital of the Company. As at the date of this announcement, Shenzhen Dasheng is owned as to 70% and 30% by Qianhai Dasheng and Dasheng Holdings, respectively. Each of Qianhai Dasheng and Dasheng Holdings is currently owned as to 70% by Mr. Lan Huasheng (the chairman of the Board and an executive Director) and 30% by Mr. Lu Tingfu (a supervisor of the Company).

As Nanjing Dasheng is a non-wholly owned subsidiary of Shenzhen Dasheng, it is an associate of Shenzhen Dasheng, Mr. Lan Huasheng and Mr. Lu Tingfu. Therefore, Nanjing Dasheng is a connected person to the Company.

## **Asset to be acquired**

The Asset to be acquired by Ruiying (Xiamen) is the electronic card and electronic business platform application software system owned by Shanghai Runtong.

## **Consideration for purchase of the Asset**

Pursuant to the Sale and Purchase Agreement, Ruiying (Xiamen) has conditionally agreed to purchase the Asset from Shanghai Runtong and lease the Asset to Nanjing Dasheng for the Consideration of RMB9,800,000 (equivalent to approximately to HK\$10,780,000) and Nanjing Dasheng has conditionally agreed to lease and purchase from Ruiying (Xiamen) the Asset.

The Consideration was determined after arm's length negotiations between Shanghai Runtong, Ruiying (Xiamen) and Nanjing Dasheng with reference to the research and development cost of the Asset.

Pursuant to the Sale and Purchase Agreement, the Consideration shall be payable in full by Ruiying (Xiamen) to Shanghai Runtong within three business days following upon the fulfillment of all of the following conditions:

1. Ruiying (Xiamen) has received the payment notice issued by Shanghai Runtong.
2. The Lease Agreement has been executed and become effective.
3. Ruiying (Xiamen) and Shanghai Runtong have entered into the Repurchase Agreement for repurchase of the Asset.

Completion shall deem to be taken place upon the Lease Agreement becomes effective.

Shanghai Runtong and Ruiying (Xiamen) further executed the Repurchase Agreement dated 26 December 2016 pursuant to which Shanghai Runtong irrevocably agree, upon request by Ruiying (Xiamen), to repurchase the Asset if any lease payment of the Lease Agreement is outstanding. The consideration for repurchase of the Asset will be equivalent to the outstanding amount of all the lease payment of the Lease Agreement.

## II. THE LEASE AGREEMENT

**Date** : 26 December 2016

### **Parties**

Lessee : Nanjing Dasheng

Leasor : Ruiying (Xiamen)

### **Subject matter**

The Asset to be leased by Ruiying (Xiamen) to Nanjing Dasheng is the electronic card and electronic business platform application software system owned by Shanghai Runtong, the ownership of which will be sold to Ruiying (Xiamen) pursuant to the Sale and Purchase Agreement.

### **Lease Term**

The lease shall be for a term of three years commencing from 26 December 2016, which is also the commencement date of the lease on which the rent starts to accrue.

### **Lease Payment and handling fee**

The lease payment for the entire term consists of the principal amount of RMB9,800,000 (equivalent to approximately to HK\$10,780,000) and lease interests. The annual lease interest rate is 8%. Based on the said interest rate, the total estimated amount of lease interests for the entire term of the Lease Agreement is approximately RMB1,529,000 (equivalent to approximately to HK\$1,682,000). The lease payment and lease interests will be paid by Nanjing Dasheng in twelve instalments on a quarterly basis. An one-off handling fee in the sum of RMB294,000 (equivalent to approximately HK\$323,400) will also be payable by the Nanjing Dasheng to Ruiying (Xiamen) within 15 business days following the signing date of the Lease Agreement.

The lease payment has been agreed after arm's length negotiations between the parties with reference to the purchase cost of the Asset of Ruiying (Xiamen) and the prevailing market rate for finance leases of the asset comparable to the Asset.

### **Security money**

Pursuant to the Lease Agreement, Nanjing Dasheng shall pay Ruiying (Xiamen) an once-off security money of RMB490,000 (equivalent to approximately HK\$539,000) (the "**Security Money**") as security for the performance of the Lease Agreement within 15 business days following the signing date of the Lease Agreement. The Security Money will not bear any interest and will be applied for settlement of lease payment for the last term.

### **Annual caps and basis of determination**

Set out below is a summary of the Annual Caps for the lease payment and the lease interest payable by Nanjing Dasheng to Ruiying (Xiamen) for each year of the term of the lease years:

	<b>For the first year</b>	<b>For the second year</b>	<b>For the third year</b>
Annual Caps	2,696,000	3,487,000	5,148,000

The Annual Caps were determined with reference to, including but not limited to (a) the lease payment and lease interest receivable for the relevant 12-month period during the term of the lease under the Lease Agreement; (b) the prevalent market conditions (including the interest rate, which is no less favourable than those offered to independent third parties for similar services); and (c) the nature and value of the Asset.

### **End of the lease term**

Pursuant to the Lease Agreement, at the end of the lease term of the Lease Agreement and subject to the full payments of the lease payments, the Asset will be sold to Nanjing Dasheng at a nominal consideration of RMB1,000 (equivalent to approximately HK\$1,100).

### **REASONS FOR THE FINANCE LEASE AGREEMENTS**

The Group is principally engaged in agricultural and petrochemical products supply chain services, road and bridge construction business and agricultural finance business.

Given that the Finance Lease Agreements are being conducted in the ordinary and usual course of business of Ruiying (Xiamen), which will earn a considerable profit over the three-year lease term, and is under normal commercial terms, the Directors (including the independent non-executive Directors) are of the view that the terms of the Finance Lease Agreements (including the Consideration under the Sale and Purchase Agreement, the Repurchase Agreement, the lease payment under the Lease Agreement and the Annual Caps) are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

### **LISTING RULES IMPLICATION**

The transaction contemplated under the Finance Lease Agreements will constitute a transaction under Chapter 14 of the Listing Rules. As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Finance Lease Agreements are less than 5%, the Finance Lease Agreements do not constitute a notifiable transaction for the Company.

As at the date of this announcement, Shenzhen Dasheng, a substantial shareholder (as defined under the Listing Rules) of the Company, held 1,368,013,540 Domestic Shares directly and 2,250,000,000 H Shares indirectly, in aggregate representing approximately 47.4% of the existing issued share capital of the Company. As at the date of this announcement, Shenzhen Dasheng is owned as to 70% and 30% by Qianhai Dasheng and Dasheng Holdings, respectively. Each of Qianhai Dasheng and Dasheng Holdings is currently owned as to 70% by Mr. Lan Huasheng (the chairman of the Board and an executive Director) and 30% by Mr. Lu Tingfu (a supervisor of the Company).

As Nanjing Dasheng is a non-wholly owned subsidiary of Shenzhen Dasheng, it is an associate of Shenzhen Dasheng, Mr. Lan Huasheng and Mr. Lu Tingfu. Therefore, Nanjing Dasheng is a connected person to the Company and the Finance Lease Agreements constitute continuing connected transactions for the Company. Further, Mr. Zhu Tianxiang, a non-executive Director, is the group general manager of Shenzhen Dasheng. As such, each of Mr. Lan Huasheng and Mr. Zhu Tianxiang is regarded as having a material interest and has abstained from voting for the Board resolutions for approving the Finance Lease Agreements (including the Annual Caps) and the transactions contemplated thereunder.

As one or more of the applicable percentage ratios (as defined in the Listing Rules), on an annual basis, are more than 0.1% but all of them are less than 5%, the transactions contemplated under the Finance Lease Agreements are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but exempted from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“Annual Cap”	the annual cap under the Lease Agreement as set out in the paragraph headed “Annual Caps and Basis of Determination” in this announcement
“Asset”	the electronic card and electronic business platform application software system
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Shanghai Dasheng Agriculture Finance Technology Co., Ltd. (上海大生農業金融科技股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H shares are listed on the Main Board of the Stock Exchange

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the purchase of the Asset is RMB9,800,000 (equivalent to approximately HK\$10,780,000)
“Dasheng Holdings”	大生控股有限公司 (Dasheng Holdings Limited*), a limited liability company established in the PRC, and is currently owned as to 70% by Mr. Lan Huasheng (the chairman of the Board and an executive Director) and 30% by Mr. Lu Tingfu (a supervisor of the Company) as an investment holding company
“Domestic Share(s)”	the ordinary domestic share(s) of the Company with a nominal value of RMB0.10 each in the share capital of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign share(s) with a nominal value of RMB0.10 each in the share capital of the Company which are listed on the Stock Exchange and are traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Finance Lease Agreements”	collectively, the Sale and Purchase Agreement, the Lease Agreement and the Repurchase Agreement
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company
“Lease Agreement”	the finance lease agreement dated 26 December 2016 entered into by Nanjing Dasheng and Ruiying (Xiamen) in respect of the lease of the Asset for a term of one year

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanjing Dasheng”	南京大生現代農業控股有限公司 (Nanjing Dasheng Modern Agriculture Holdings Co., Limited*), a company established under the laws of the PRC with limited liability and a non-wholly owned subsidiary of Shenzhen Dasheng
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Qianhai Dasheng”	深圳前海大生股權投資基金有限公司 (Shenzhen Qianhai Dasheng Equity Investment Fund Co., Ltd.*), a company incorporated under the laws of the PRC with limited liability, and is currently owned as to 70% and 30% by Mr. Lan Huasheng (the chairman of the Board and an executive Director) and Mr. Lu Tingfu (a supervisor of the Company), respectively
“Repurchase Agreement”	the repurchase agreement dated 26 December 2016 entered into by Shanghai Runtong and Ruiying (Xiamen) in respect of the repurchase of the Asset
“Ruiying (Xiamen)”	瑞盈信融（廈門）融資租賃有限公司 (Ever Fortune (Xiamen) Financial Leasing Co., Ltd.), a sino-foreign equity joint venture established in the PRC and an indirect non-wholly owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 26 December 2016 entered among Shanghai Runtong, Ruiying (Xiamen) and Nanjing Dasheng in respect of the sale and purchase of the Asset
“Shanghai Runtong”	上海潤通實業投資有限公司(Shanghai Runtong Industrial and Investment Co., Limited*), a limited liabilities company incorporated in the PRC and an indirect non-wholly owned subsidiary of the Company
“Shares”	collectively, the Domestic Shares and H Shares



“Shareholders”	the holders of Shares
“Shenzhen Dasheng”	深圳市大生農業集團有限公司 (Shenzhen Dasheng Agricultural Group Co., Ltd.*), a company incorporated under the laws of PRC with limited liability, which held 1,368,013,540 Domestic Shares directly and 2,250,000,000 H Shares indirectly as at the date of this announcement, in aggregate representing approximately 47.4% of the issued share capital of the Company, and is currently owned as to 70% by Qianhai Dasheng and 30% by Dasheng Holdings
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent
“RMB”	Renminbi, the lawful currency of the PRC
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong

\* *The English translation in this announcement is for reference only. The official names are in Chinese.*

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

Shanghai, PRC, 26 December 2016

*For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK\$ at the rate of RMB1 = HK\$1.1. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.*

*As at the date of this announcement, the Board comprises three executive directors: Mr. Lan Huasheng, Mr. Mo Luojiang and Mr. Wang Liguo; one non-executive director: Mr. Zhu Tianxiang; and three independent non-executive directors: Mr. Chung Cheuk Ming, Mr. Yang Gaoyu and Mr. Zhou Jianhao.*

*If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.*