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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)**

## **INVESTMENT FRAMEWORK AGREEMENT IN RELATION TO THE POSSIBLE DISPOSAL**

The Board is pleased to announce that on 21 May 2018 (after trading hours), the Company entered into the Investment Framework Agreement with the Purchaser and the Target Company, pursuant to which the Vendor has intended to sell and the Purchaser has intended to purchase part of the equity interest in the Target Company held by the Vendor and the parties will further discuss on the Possible Disposal and may enter into the Formal Agreement on or before the expiry of the Exclusivity Period in relation to the Possible Disposal.

The Possible Disposal, if materialised, may constitute a notifiable transaction of the Company under the Listing Rules. Further details of the Possible Disposal shall be subject to the Formal Agreements to be entered into by the parties and further announcement(s) will be made upon execution of the Formal Agreements as and when appropriate, and in accordance with the Listing Rules.

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

### **THE POSSIBLE DISPOSAL**

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## THE INVESTMENT FRAMEWORK AGREEMENT

The principal terms of the Investment Framework Agreement are summarised as follows:

- Date** 21 May 2018
- Parties**
- (i) The Company, as the possible Vendor;
  - (ii) Black Peony (Group) Co., Ltd.\* (黑牡丹(集團)股份有限公司), as the possible Purchaser; and
  - (iii) Nantong Road and Bridge Engineering Co., Ltd.\*(南通路橋工程有限公司), as the Target Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner(s) is a third party independent of the Company and the connected persons of the Company.

### Subject Matter

Pursuant to the Investment Framework Agreement, the Purchaser conditionally agrees to purchase from the Vendor certain equity interest in the Target Company held by the Vendor based on the following terms and conditions:

- Asset to be sold : certain equity interest in the Target Company held by the Vendor which shall be determined by the Purchaser and the Company in the Formal Agreement.
- Consideration : the total consideration of the Possible Disposal will be in cash and subject to further negotiation between the Vendor and the Purchaser, and will be determined by reference to the valuation results as set out in the valuation report issued by the valuer and filed with the competent supervision and administration authority of State-owned assets. Based on preliminary estimation, the total equity value of the entire equity interest in the Target Company is expected to be not more than RMB1.3 billion.
- Due diligence : after signing of the Investment Framework Agreement, the Purchaser shall conduct a business, financial and legal due diligence on the Target Group.

- Exclusivity : Within 45 days after the effective date of the Investment Framework Agreement or until either the date of completion of the Possible Disposal or the date of early termination of the Investment Framework Agreement, whichever the earlier. Unless with the prior written consent of the Purchaser, the Vendor, the Target Company and their respective directors, management, employees, agents or representatives shall not directly or indirectly engage in the followings with any institution/individual (apart from the Purchaser and its designated persons) for the transfer of equity interests in the Target Company: (1) propose or encourage any proposal or offer; (2) provide any information of the Purchaser to that institution/individual; (3) discuss or negotiate or sign any agreement or arrangement with that institution/individual. Despite the foregoing, upon completion of works such as due diligence, audit and valuation, the abovementioned Exclusivity Period can be extended by agreement of the parties after negotiation.
- Conditions : (i) the Purchaser has completed the business, financial and legal due diligence investigation on the Target Company and was satisfied with the results of the due diligence investigation; (ii) the work in relation to the audit, valuation and filing of the valuation of the Possible Disposal have been completed; (iii) the parties have obtained the approval from their internal authority and relevant external regulatory department for the Possible Disposal pursuant to the requirement of laws and their respective corporate documents (if necessary); (iv) the Vendor and the Target Company have disclosed all information required to be disclosed to the Purchaser without any omission, false representation or misleading statements before formally entering into the Formal Agreement; (v) apart from normal production and operating activities or any activity with prior written consent of the Purchaser, commencing from the date of signing of the Investment Framework Agreement, the Vendor and the Target Company shall not engage in any activity which may result in impairment of asset and business of the Target Company, and the Vendor shall confirm and undertake that the title of equity interests of the Target Company are clear and free from ownership dispute or potential dispute, where upon signing of the Formal Agreement for the Possible Disposal, there will be no impediment in respect of the transfer of equity interests of the Target Company to the Purchaser or its wholly-owned or holding subsidiary.

Termination : The Purchaser is entitled to, during the Exclusivity Period, terminate the Investment Framework Agreement and elect not to sign the Formal Agreement on ground that the Purchaser is not satisfied with the results of due diligence investigation. The Investment Framework Agreement can be terminated by mutual agreement between the parties.

## **INFORMATION ON THE TARGET GROUP**

The Target Company is a 91.3020%-owned subsidiary of the Company. The Company is operating its road and bridge construction business in the PRC through the Target Group, including but not limited to road and bridge construction, municipal public utility construction, traffic safety facility construction, road maintenance, lease of construction machinery and consultancy of engineering technology. As at the date of this announcement, the Target Group holds various qualifications/licenses, which enable it to participate in construction of highway engineering, municipal public works, bridge engineering, highway pavement projects and highway subgrade engineering in the PRC.

The key financial indicators of the Target Company were based on the audited report for the year ended 31 December 2017 prepared by the PRC auditors of the Target Company and the management account for the three months ended 31 March 2018 prepared by the management of the Target Company, respectively, according to the PRC accounting standards. Details of which are as follows:

The total assets, total liabilities and net asset of the Target Company as at 31 December 2017 were RMB3,054,018,862.37, RMB2,046,838,437.28 and RMB1,007,180,425.09, respectively, and the total assets, total liabilities and net asset of the Target Company as at 31 March 2018 were RMB2,805,200,303.13, RMB1,777,795,823.90 and RMB1,027,404,479.23, respectively.

The revenue and net profit of the Target Company for the year ended 31 December 2017 were RMB1,759,407,226.50 and RMB142,295,841.92, respectively, and the revenue and net profit of the Target Company for the three months ended 31 March 2018 were RMB278,427,716.54 and RMB20,224,361.74, respectively.

## **INFORMATION ON THE VENDOR**

The Company is principally engaged in agricultural big data services, agricultural industry chain financial services, agricultural and petrochemical product supply chain services, and road and bridge construction.

## **INFORMATION ON THE PURCHASER**

The Purchaser is a joint stock company established in the PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange (stock code: 600510). The Purchaser engages in the construction and textile businesses in China and internationally. It undertakes construction and engineering of various projects, including resettlement of housing, commercial properties, preliminary development projects of land, and fertile land projects. It is also involved in the manufacture and sale of denim fabric and yarn-dyed-fabrics; and real estate development business in Changzhou, China and export of its textile products to other countries and regions. The Purchaser is a subsidiary of Changzhou Hi-tech Group Co., Ltd.

## **REASONS FOR THE POSSIBLE DISPOSAL**

The Directors undertake strategic reviews of the Company's assets from time to time with a view to maximising returns to the shareholders of the Company. In order to focus on expanding the development of the Company's main business in the agricultural industry chain, reallocate the resources into the main business segment and future investment opportunities and pursue other growth opportunities, as well as supplement the Company's operating capital, the Board proposed to enter the Investment Framework Agreement to explore the possibility of the Possible Disposal and seek for a good opportunity for the Company to unlock the value of the Target Company. The Directors (including the independent non-executive Directors) consider that the Possible Disposal and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The Possible Disposal, if materialised, may constitute a notifiable transaction of the Company under the Listing Rules. Further details of the Possible Disposal shall be subject to the Formal Agreements to be entered into by the parties and further announcement(s) will be made upon execution of the Formal Agreements as and when appropriate, and in accordance with the Listing Rules.

The Investment Framework Agreement only contains the principal terms of the Possible Disposal, the Vendor and the Purchaser will negotiate and agree on the definitive terms of the Formal Agreement to be signed. The Company will publish further announcement under the Listing Rules upon the signing of the Formal Agreement where required. The Board wishes to emphasise that the Investment Framework Agreement may be terminated and no Formal Agreement will be signed if the Purchaser is not satisfied with the results of due diligence investigation.

The Possible Disposal is subject to, among others, the execution of the Formal Agreement and any conditions precedent therein. Therefore, the Possible Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“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 established in the PRC with limited liability, whose H shares are listed on the Main Board of the Stock Exchange (stock code: 01103)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Exclusivity Period”	Within 45 days after the effective date of the Investment Framework Agreement or until either the date of completion of the Possible Disposal or the date of early termination of the Investment Framework Agreement, whichever the earlier, and can be extended by agreement of the parties after negotiation
“Formal Agreement”	the legally binding equity transfer agreement to be entered among the Vendor, the Purchaser and the Target Company in relation to the Possible Disposal
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment Framework Agreement”	the investment framework agreement dated 21 May 2018 entered into among the Vendor, the Purchaser and the Target Company in relation to the Possible Disposal
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Possible Disposal”	the possible disposal of the Vendor’s certain equity interest in the Target Company by the Vendor pursuant to the Investment Framework Agreement and the Formal Agreement

“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
“Purchaser”	Black Peony (Group) Co., Ltd.* (黑牡丹(集團)股份有限公司), a joint stock company established in the PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange (stock code: 600510)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed to it under the Listing Rules
“Target Company”	Nantong Road and Bridge Engineering Co., Ltd.* (南通路橋工程有限公司), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiaries and associates
“Vendor”	the Company
“%”	per cent

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

Shanghai, PRC, 21 May 2018

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

*\* Unofficial transliteration from Chinese name for identification purposes only.*