

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CHANGE IN USE OF PROCEEDS

This announcement is made by Shanghai Dasheng Agriculture Finance Technology Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

CHANGE IN USE OF PROCEEDS FROM THE 2016 SUBSCRIPTION AND PLACING

Reference is made to the announcements of Company dated 26 February 2016, 9 March 2016, 31 March 2016 and 16 May 2016 and the circular of the Company dated 30 September 2015 (the “**2016 Circular and Announcements**”) in relation to the use of proceeds from the subscription and placing of H shares of the Company pursuant to the shareholders’ approval at the extraordinary general meeting held on 16 November 2015 (the “**2016 Subscription and Placing**”). Capitalised terms used under this section shall have the same meanings as those used in the 2016 Circular and Announcements unless the context requires otherwise.

The net proceeds from the 2016 Subscription and Placing were approximately HK\$1,615 million. As at the date of this announcement, an aggregate sum of approximately HK\$1,449 million of the net proceeds from the 2016 Subscription and Placing has been utilised and/or will be utilised in accordance with the use of proceeds as disclosed in the 2016 Circular and Announcements and an aggregate sum of approximately HK\$166 million of the net proceeds from the 2016 Subscription and Placing has not been utilised (the “**2016 Unutilised Proceeds**”).

The Board has resolved to change the use of the 2016 Unutilised Proceeds with the reasons as summarised in the following table:

Original Purpose as stated in the 2016 Circular and Announcements	Original allocation <i>(approximate HK\$ million)</i>	Utilised/ unchanged proceeds as at the date of this announcement <i>(approximate HK\$ million)</i>	Unutilised proceeds <i>(approximate HK\$ million)</i>	Details of re-allocation of proceeds and reason for change
(a) applied towards Shanghai Xieyi/ Shanghai Runtong for the purpose of developing the software application, database and electronic settlement system for the smart wholesale markets, marketing of Yingdian Life Card across different wholesale market and recruitment of staff to support the development of smart wholesale market operational system, through capital increase in Dasheng Financial	100.0	50.0	50.0	Based on the assessment of the current business development of Shanghai Runtong, the Board is of the view that the capital injection to Shanghai Runtong through capital increase in Dasheng Financial is not required at this stage. As such, the unutilised proceeds of approximately HK\$50 million will be re-allocated to the settlement of payables for trading of agricultural and petrochemical products by the Group.
(b) applied towards potential acquisition of financial servicing companies in the PRC by means of, among others, investment or establishment of joint ventures in micro-lending business and/or P2P lending business to enhance the variety of the Group's financing services when such opportunities arise, through capital increase in Dasheng Financial	116.0	—	116.0	Given the more stringent requirements and regulations for financial servicing companies promulgated by the PRC Government, the Board is not able to identify suitable opportunity for investment or establishment of joint ventures in micro-lending business and/or P2P lending business in the PRC. As such, the unutilised proceeds of approximately HK\$116 million will be re-allocated to the settlement of payables for trading of agricultural and petrochemical products and chemical fertiliser by the Group.
Total	<u>216.0</u>	<u>50.0</u>	<u>166.0</u>	

CHANGE IN USE OF PROCEEDS FROM THE 2017 SUBSCRIPTION AND PLACING

Reference is made to the announcements of Company dated 27 February 2017 and 19 January 2018 and the circular of the Company dated 5 December 2016 (the “**2017 Circular and Announcements**”) in relation to the use of proceeds from the subscription of domestic shares and placing of H shares of the Company pursuant to the shareholders’ approval at the extraordinary general meeting held on 20 January 2017 (the “**2017 Subscription and Placing**”). Capitalised terms used under this section shall have the same meanings as those used in the 2017 Circular and Announcements unless the context requires otherwise.

The net proceeds from the 2017 Subscription and Placing were approximately HK\$1,227.5 million. As at the date of this announcement, an aggregate sum of approximately HK\$470 million of the net proceeds from the 2017 Subscription and Placing has been utilised and/or will be utilised in accordance with the use of proceeds as disclosed in the 2017 Circular and Announcements and an aggregate sum of approximately HK\$757.5 million of the net proceeds from the 2017 Subscription and Placing has not been utilised (the “**2017 Unutilised Proceeds**”).

The Board has resolved to change the use of the 2017 Unutilised Proceeds with the reasons as summarised in the following table:

Original Purpose as stated in the 2017 Circular and Announcements	Original allocation <i>(approximate HK\$ million)</i>	Utilised/ unchanged proceeds as at the date of this announcement <i>(approximate HK\$ million)</i>	Unutilised proceeds <i>(approximate HK\$ million)</i>	Details of re-allocation of proceeds and reason for change
(a) applied towards the investment in joint venture(s) engaging in micro-lending business in the PRC through capital increase in Dasheng Financial	80.0	—	80.0	Given the more stringent requirements and regulations for financial servicing companies promulgated by the PRC Government, the Board is not able to identify suitable opportunity for investment in joint ventures engaging in micro-lending business in the PRC. As such, after taking into account the continual growth of commercial factoring business conducted by Ruiying Xinrong (Shenzhen) Commercial Factoring Co., Limited (“ Ruiying Factoring ”), a wholly-owned subsidiary of Ever Fortune, the unutilised proceeds of approximately HK\$80 million will be re-allocated to apply towards Ruiying Factoring for the commercial factoring business by way of capital injection and/or shareholders’ loan.

Original Purpose as stated in the 2017 Circular and Announcements	Original allocation (approximate HK\$ million)	Utilised/ unchanged proceeds as at the date of this announcement (approximate HK\$ million)	Unutilised proceeds (approximate HK\$ million)	Details of re-allocation of proceeds and reason for change
(b) applied towards the potential investment in, acquisition of and/ or establishment of joint venture(s) with leading agricultural supply chain service company(ies) within the industry in the PRC with a business focus on providing the end-users with agricultural means of production, such as chemical fertilisers, agricultural seeds and agricultural machinery	160.0	—	160.0	The Group has not been able to identify suitable target engaging in agricultural supply chain service for investment or acquisition since February 2017. As such, after taking into account one of the Group's strategies on developing asset management and investment management business, the unutilised proceeds of approximately HK\$160 million will be re-allocated to the Group's investment in agriculture-related industry investment funds.
(c) applied towards capital increase in Dasheng Agriculture for investment in agricultural trading related business	198.5	9.0	189.5	Based on the current assessment of the capital requirement for establishing a joint venture engaging in agricultural supply chain business (especially for frozen food) in the PRC, the Board is of the view that the capital requirement for such joint venture should be less than expectation. As such, after taking into account one of the Group's strategies on developing asset management and investment management business, the unutilised proceeds of approximately HK\$189.5 million will be re-allocated to the Group's investment in agriculture-related industry investment funds.
(d) applied towards repayment of the existing indebtedness of the Group	390.0	62.0	328.0	Base on the assessment of the Group's current indebtedness level, the Board is of the view that there is no urgency on repayment of the existing indebtedness at this stage. As such, the unutilised proceeds of approximately HK\$328 million will be re-allocated to the settlement of payables for trading of agricultural and petrochemical products and chemical fertiliser by the Group.
Total	828.5	71.0	757.5	

The Board considers that the above change in use of proceeds from the 2016 Subscription and Placing and the 2017 Subscription and Placing is in line with the Group's current business development and its business strategy and will allow the Company to deploy its financial resources more efficiently and therefore, it is in the best interest of the Company and its shareholders as a whole.

By order of the Board
Shanghai Dasheng Agriculture Finance Technology Co., Ltd.
Mo Luojiang
Executive Director and Chief Executive Officer

Shanghai, PRC, 6 February 2018

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.

In this announcement, for the purpose of illustration only, amounts quoted in Renminbi have been converted into HK\$ at the rate of HK\$1.0 per RMB0.87821. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.