共建核心動力

BUILDING INDIVISIBLE POWER

Annual Report 2016 年報

上海大生農業金融科技股份有限公司

Shanghai Dasheng Agriculture Finance Technology Co., Ltd.

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

Stock code 股份代號：1103

Our Core Value
我們的核心價值

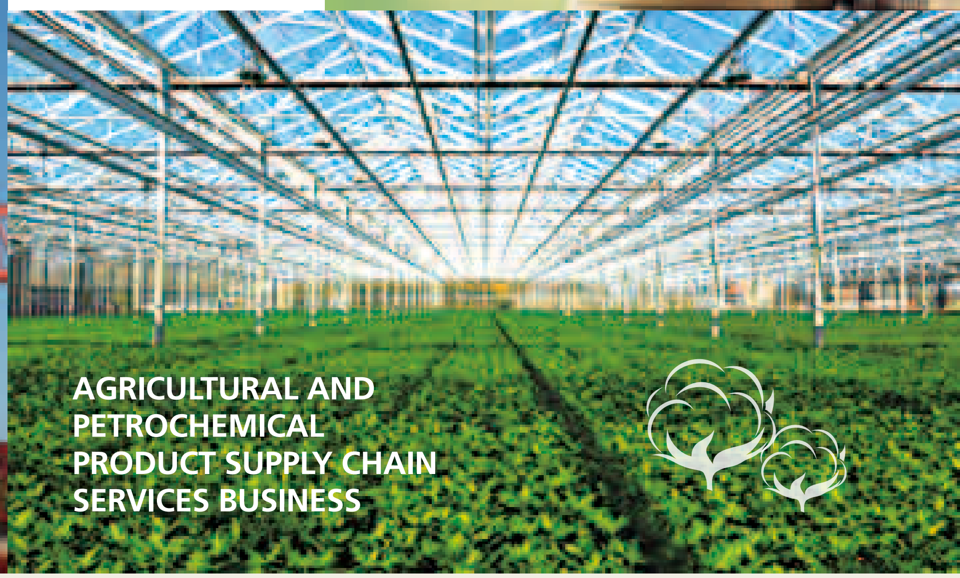
Looking into the future, Dasheng Agriculture Finance will promote the enterprise core values of "Cooperation, Essence and Sharing", and recognize "Sense of Belonging, Sense of Honor, and Sense of Achievement" as the spiritual pursuit of all the Dasheng staff, to achieve a win-win situation by working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

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


AGRICULTURAL
BIG DATA
SERVICES
BUSINESS


AGRICULTURAL
INDUSTRY CHAIN
FINANCIAL
SERVICES
BUSINESS


ROAD AND
BRIDGE
CONSTRUCTION
BUSINESS


AGRICULTURAL AND
PETROCHEMICAL
PRODUCT SUPPLY CHAIN
SERVICES BUSINESS

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Summary of Financial Information

RESULTS

	For the year ended 31 December				
	2016	2015	2014	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	**14,364,866**	8,223,074	5,292,504	5,885,633	4,422,014
Profit before income tax expense	**449,673**	382,487	264,929	232,181	161,287
Profit for the year	**344,609**	284,182	202,523	174,113	130,594
Profit attributable to owners of the Company	**307,082**	247,449	168,083	138,959	101,278
Earnings per share (RMB) (basic and diluted)*	**0.043**	0.057	0.046	0.038	0.028

Note:

* Basic and diluted earnings per share for the years ended 31 December 2015, 2014, 2013 and 2012 have been restated for the impact of the bonus issues of Shares in 2016.

ASSETS AND LIABILITIES

	As at 31 December				
	2016	2015	2014	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**1,633,242**	1,094,135	978,702	834,583	739,733
Current assets	**7,791,319**	5,228,491	2,962,655	2,619,620	2,225,504
Non-current liabilities	**(70,606)**	(63,098)	(81,196)	(14,280)	(11,311)
Current liabilities	**(5,991,633)**	(4,512,268)	(2,832,631)	(2,533,633)	(2,151,974)
Non-controlling interests	**(290,461)**	(267,547)	(134,934)	(141,073)	(117,646)
Capital and reserves attributable to owners of the Company	**3,071,861**	1,479,713	892,596	765,217	684,306

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Lan Huasheng *(Chairman)*
Mo Luojiang *(Chief Executive Officer)*
Wang Liguo *(Vice President)*

Non-Executive Director

Zhu Tianxiang

Independent Non-Executive Directors

Chung Cheuk Ming
Yang Gaoyu
Zhou Jianhao

SUPERVISORS

Lu Tingfu *(Chairman)*
Chen Yuanling
Jiang Feng
Ye Mingzhu
Zhao Liping

AUDITOR

BDO Limited, Certified Public Accountants

REGISTERED OFFICE

706 Renhe Building
2056 Pudong Road
Pudong New Area
Shanghai PRC
Postal code: 200135

PRINCIPAL PLACE OF BUSINESS IN CHINA

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

EXPLORING NEW OPPORTUNITY


W
NW
N
NE
You
Xin
Shu
Qian
Hai
Ren
Zi
Gui
Chou
Gen
300
320
340

Chairman's Statement

The year 2016, being the first year of China's 13th Five-Year Plan, witnessed a comparatively slow but steady and promising growth in national economy, attributable to the adherence to a keynote of seeking progress while maintaining stability, a general principle of supply-side structural reform and a proper expansion of total demand. Under this "new normal", according to the National Bureau of Statistics of China, China's economy maintained an effective growth generally, as reflected in the Gross Domestic Product (GDP) growth of 6.7% from a year earlier to RMB74,412.7 billion in 2016. Though 0.2% lower in GDP growth compared with last year, the Gross National Income (GNI) maintained a moderate growth level at 6.9%, representing 0.6% higher compared with last year.

The year 2016 was also a significant milestone for the transformation and development of the Company, who saw a profound restructuring of China's macro economy and a transformational change in traditional industries. At the macro policy level, the Chinese government proactively promoted agricultural reform and continuously issued various favourable policies in this regard, representing new market opportunities for the whole agricultural sector. In January 2016, the Central Committee of Communist Party of China and the State Council promulgated the Several Opinions on Implementing the New Development Ideas on Accelerating Agricultural Modernization and Achieving the Goal of the All-round Well-off Society (《關於落實發展新理念加快農業現代化全面實現小康目標的若干意見》), specifically pointing out to promote agricultural modernization, accelerate the transformation of agricultural development mode, and ensure effective supply of important agricultural products such as grains, and emphasizing the importance of "Farmers, Villages and Agricultural Industry" to the country. On 29 August 2016, the Ministry of Agriculture issued the 13th Five-year Plan for National Agricultural and Rural Informatization Development (《「十三五」全國農業農村信息化發展規劃》), pointing out to focus on the supply-side structural reform in agriculture sector for the construction of a value system for the industry chain of modern agriculture during the period covered by the 13th Five-year Plan and highlighting informatization and financialization during the course of agricultural modernization.

In view of a market condition with both opportunities and challenges ahead, and immediately following the government's strategic tilt toward agriculture, the Group carefully identified market opportunities, made proper adjustment to its development strategy, fortified existing business growth and explored and constructed a business structure in line with market development and corporate strategy so as to form a comprehensive business system focusing on agricultural product wholesale markets and covering construction, market, technology, finance and trading, and ultimately to generate synergies from each agriculture-related businesses within the Group. To this end, after a careful analysis and assessment on the market, the Group has further classified its "agricultural internet finance business" into "agricultural big-data services" and "agricultural industry chain financial service" for disclosure purpose.

Benefiting from the clear market strategy of and structural adjustment to the Company, profit attributable to the owners of the Company for the year 2016 increased by RMB59,633,000 to RMB307,082,000, representing a year-on-year increase of 24.1%. The assets of the Company significantly increased by RMB3,101,935,000, representing a year-on-year increase of 49.1%. To thank the shareholders for their strong support, the Board recommended the payment of a final dividend of RMB0.01 per share, totaling approximately RMB86,331,000 (calculated based on the number of issued shares of the Company as at the date of the Board meeting determining the final dividend) for the year ended 31 December 2016. With the Group's sustained efforts to build, consolidate and optimize our enterprise value and investment value, we have good reason to believe that our corporate strategy is being implemented in the right direction.

BUSINESS OVERVIEW AND MAJOR FACTORS AFFECTING PROFIT

For agricultural big-data services, the Group has cooperated with various agricultural product wholesale markets in a proactive and close manner in creating "Dasheng agricultural product wholesale model". Focusing on such model, the Group is committed to establish ICPAPW as an offline electronic and intelligent trading platform, thus promoting the establishment of a new intelligent distribution and trading center for agricultural products among agricultural product wholesale markets, making big data of agricultural products distribution available for the optimisation of resource allocation of agriculture products, mitigation of financial investment risks in the market and establishment of a tracking system for agriculture products. For the year ended 31 December 2016, turnover generated from the Group's agricultural big-data services was approximately RMB25,277,000, accounting for approximately 0.2% of the Group's total turnover. Gross profit was approximately RMB24,797,000, and gross margin was approximately 98.1%.

For agricultural industry chain financial service business, the Group has acted itself as a technologic and financial service provider relying on its own market expertise and consolidation of financial resources, rendering financial leasing and commercial factoring services to operators of its cooperative agricultural product wholesale market. In addition, based on big data resources generated from electronic settlement in agricultural product wholesale market, the Group helped agricultural product wholesale merchants establish internal credit system, identifying potential financial needs in the market and providing corresponding agricultural industry chain financial services in an effective way. Such close cooperation with agricultural product wholesale market has contributed strong profit to the Group. For the year ended 31 December 2016, turnover of the Group's agricultural industry chain financial service business was approximately 76,536,000 (31 December 2015: approximately RMB3,418,000), accounting for approximately 0.5% of the Group's total turnover. Gross profit was approximately RMB64,005,000 (31 December 2015: approximately RMB3,418,000), representing a year-on-year sharp increase of approximately 1,772.6%. The significant increase of these indicators was also attributable to the Group's reasonable business layout and strategic development plan, resulting in an explosive growth of the agricultural industry chain financial service business after its initial run-in period.

For agricultural and petrochemical product supply chain service business, the Group proactively upgraded the industrial structure and enriched agricultural products to drive the optimization and diversification of product structure against the backdrop of turbulent oil markets all over the world. Meanwhile, leveraging on its own professional experience and advantages in terms of channels, the Group cooperated with well-known enterprises and large-scale suppliers at home and abroad to carry out agricultural materials and agricultural products purchasing business globally, enabling the Group's expansion of channels and scale of business. For the year ended 31 December 2016, turnover of the Group's agricultural and petrochemical product supply chain service business was approximately RMB13,022,499,000 (31 December 2015: approximately RMB6,956,002,000), accounting for approximately 90.7% of the Group's total turnover. Gross profit was approximately RMB277,998,000 (31 December 2015: approximately RMB292,741,000), representing a year-on-year decrease of approximately 5.0%, whereas gross margin decreased from approximately 4.2% last year to approximately 2.1% in the reporting period. The significant increase in turnover and the decrease in gross profit and gross margin were mainly attributable to the adjustment of product structure and speeding up of capital turnover rate by the Group during the year.

For road and bridge construction business, on the basis of a solid and healthy development, the Group strictly adhered to "New Urbanization" and "One Belt and One Road (OBOR)" strategy by taking advantage of its technique edge and talent reserve. It invested capital and other resources into quality engineering projects of great market value, making road and bridge construction business a solid revenue stream of the Group as well as a key driver of future results growth. For the year ended 31 December 2016, turnover of the Group's road and bridge construction business was approximately RMB1,240,554,000 (31 December 2015: approximately RMB1,263,654,000), accounting for approximately 8.6% of the Group's total turnover, and gross profit was approximately RMB232,738,000 (31 December 2015: approximately RMB205,891,000), representing a year-on-year increase of approximately 13.0%, whereas gross margin increased from approximately 16.3% last year to approximately 18.8% in the reporting period. The increase in gross profit and gross margin was mainly attributable to the longer construction period of most projects commenced by the Group in the reporting period.

PROSPECT

In February 2017, the Chinese government promulgated the Several Opinions of the Central Committee of Communist Party of China and the State Council on Deepening Supply-side Structural Reform in the Agricultural Sector and Accelerating the Cultivation of New Growth Drivers for Agriculture and Rural Areas《中共中央、國務院關於深入推進農業供給側結構性改革加快培育農業農村發展新動能的若干意見》(hereinafter referred to as "Number 1 Central Document 2017"), which state policies systematically specify the agricultural supply-side structural reform will remain one of the key tasks in 2017. "Implementing green production", "extending the agriculture related industrial chain", "extending the agricultural industrial value chain" and "strengthening agricultural and financial development" will become the cornerstone of pushing forward "upgrade of the whole agricultural industry chain". The Group will adapt to the situation and seize the new rare opportunities in the changing market. Closely following the state policies, the Group will implement its diversified development strategy with a view to seeking new business growth drivers by continuous exploration and innovation on a basis of insisting on improving its existing businesses.

For specific businesses, to realize good development prospects, the Group will mainly adjust the following aspects:

"Agricultural Big Data Service Business"

The Group will expand the effect of Dasheng ICPAPW both in size and depth. With respect to the size, it's mainly reflected by the further expansion of the comprehensive database. The Group plans to connect 25 agricultural product wholesale markets and invest in the cold chain market to incorporate in the utilized operation management in 2017. With respect to the depth, it's reflected by the use of huge real-time data to provide value-added services related to agricultural finance. The development of the four systems including purchase and sales inventory system, e-commercial platform, cold storage warehouse management system and safety tracking platform will be further pushed forward and integrated into the existing system of market. Every system will be developed separate API interface for free connect to adapt to the real needs of the market. The Group will place great emphasis on promoting "Smart Card and Agricultural Product Wholesale Card" with a focus on the big data of Dasheng ICPAPW with a view to providing premium financial solution to the dealers in the market as well as generating strong synergy for other agriculture related businesses of the Group. "Technological innovation", "agriculture" and "brand" will become the Group's business card of agricultural big data services, and the synergic development of the three aspects will result in the new model of agricultural financial development of Dasheng and create a professional brand image for the Group.

"Agricultural Industry Chain Financial Service Business"

In 2016, the State Council released the Guidance on Accelerating the Development of Financial Leasing Industry (《關於加快融資租賃業發展的指導意見》) and the Guidance on Promoting the Healthy Development of Financial leasing Industry (《關於促進金融租賃行業健康發展的指導意見》) in a row, which removed the minimum registered capital restriction on financial leasing companies' setting up their subsidiaries and permitted financial leasing companies to run commercial factoring business related to their main businesses. It was in the national level for the first time that these series of policy benefits provided support to the development of leasing and commercial factoring businesses.

The Group will tightly grasp the policy benefits, proactively expand its traditional business, and list the identification of clients as well as prevention and control of risks as the priorities of the agricultural industry chain financial service management. Taking full use of the good reputation of Shenzhen Dasheng Agricultural Group Co., Ltd. in the relevant fields and its advantages of having a number of premium clients and partners, the Group will focus on developing state-owned enterprises and premium private companies as its clients. Meanwhile, the Group will provide derivative agricultural industry chain financial services along the construction of relevant agricultural product wholesale markets. Based on the big data of distribution of agricultural products, the settlement, and the risk control system of logistic environment, the Group will continue to push forward the financial leasing, commercial factoring businesses, and proactively expand comprehensive agricultural industry chain services such as provision of microloans to increase the coverage of agricultural finance, with a view to realizing the industrial synergy by providing capital guarantee for the market and reducing the financial costs.

"Agricultural and Petrochemical Product Supply Chain Service Business"

The Group will proactively push forward its business transformation. It will continue increasing agriculture-related bulk agricultural materials and agricultural products and actively carry out the trading of frozen products while consolidating its existing petrochemical product business and strictly controlling risks. The Group will proactively participate in the reconstruction of the traditional agricultural product wholesale markets and the investment and operation of cold chain trading markets and attract global premium agricultural product suppliers to obtain global premium agricultural resources and interests so as to provide potential clients with one stop services from procurement, cold chain storage, agricultural product wholesale to transportation and delivery for global mass agricultural products. Leveraging its e-commercial supply chain techniques, the Group will realize the upgrade of its supply chain service business and optimize the synergy of sectors to achieve better operating results in the future.

"Road and Bridge Construction Business"

As at 5 March 2017, the Fifth Session of the 12th National People's Congress was held in Beijing. Li Keqiang, Premier of the State Council, specifically pointed out in the Report on the Work of the Government that more capital will be guided to invest in sectors of "shoring up weak spots", "structural adjustment", "promoting innovation" and "national well-off" in 2017. This year the government should invest in railway construction with amount of RMB800 billion and in highway and water conservancy with amount of RMB1,800 billion and conduct 15 material water conservancy projects. The government should continue to strengthen the construction of material projects such as rail transport, civil aviation and telecommunication infrastructure. Thus it can be seen that against the backdrop of continuous adjustment of macro economy, increase in the fixed assets investment will undoubtedly become the important driver for the steady growth of Chinese economy again. The two strategies, "New Urbanization" and OBOR, become the important strategies pushed forward under the new normal of regional economic development in China. The synergic effects of the two strategies will also further speed up the mainland urbanization progress and have an impact on the relevant countries and regions involving in OBOR. New construction and maintenance of high quality road and bridge infrastructure engineering will maintain an obvious growth in a foreseen future.

The Group has currently made an encouraging progress by grasping the policy opportunities and deploying markets in advance. In January 2017, Nantong Road and Bridge received the notice of bid winning from an independent third party in respect of the implementation of phase one construction project of Kuaisu Road, Huai'an City, with the awarded amount being approximately RMB970 million. This project has been the largest single project since the inception of the Group and such single awarded amount has equaled to approximately 76.9% of the turnover of the Group's road and bridge construction business in 2015. The accumulated awarded amount of Nantong Road and Bridge has been approximately RMB1.4 billion to date this year.

During this year, Nantong Road and Bridge will exert great effort in new develop models such as PPP model through cooperation with important partners and integrate mainland markets by proactively leveraging the advantages in market resources of the Group and the controlling shareholder, Shenzhen Dasheng, and the collaborative effect of the industrial chain of the Group. The Group will stabilize its operation through adjustment of market strategy and business focus and strictly control its risks, striving to invest advantage resources in the projects with prospects of profitability, making sure that road and bridge construction business can contribute steady capital to the future operation of the Group.

Appreciation

Finally, I wish to express my gratitude to the Board members, the management and staff of the Group for their hard work and dedication during the year, and to the shareholders, suppliers and customers for their continuous support for the Group.

Lan Huasheng
Chairman

13 March 2017

CONSOLIDATING THE MOMENTUM

Management Discussion and Analysis

FINANCIAL AND BUSINESS REVIEW

The year of 2016 was undoubtedly a challenging year. The growth of the global economy remained weak and China speeded up deepening of its economic structural reform. "Promoting adjustment and stable upgrade" had become the economic new normal, which led exploration and adjustment, challenges and opportunities to the market throughout the whole year of 2016. In January 2016, the Central Committee of Communist Party of China and the State Council promulgated the Several Opinions on Implementing the New Development Ideas on Accelerating Agricultural Modernization and Achieving the Goal of the All-round Well-off Society(《關於落實發展新理念加快農業現代化全面實現小康目標的若干意見》)(hereinafter referred to as "Number 1 Central Document 2016"), specifically pointing out "ongoing consolidation of the foundation of modern agriculture", "accelerating establishment of financial service system for agricultural supply chain", "promoting agricultural green development" and "continuing promoting technologizing and modernization of agricultural industrial chain". It specified to push forward "national agricultural supply-side structural reform" for the first time, once again clearly demonstrating the emphasis on the "agriculture-oriented principle" at national level and the resulting important opportunities.

The Group is pleased to announce that the results have made a pleasing growth for the year ended 31 December 2016, which mainly benefited from the Group's precise grasp of the national strategy, accurate understanding of the market and the management's active response to the national policy adjustment. It first deployed and built the business structure fit for sustainable development strategy while consolidating its existing businesses, and made rational adjustment, optimization and subdivision for the relevant sector and industrial structure and capital allocation.

In view of this and in order to more precisely and fitly interpret the Group's business sectors and future strategical development planning for the investors, the Group has adjusted its existing business sector of "agricultural internet financial service" and changed it into the business sectors of "agricultural big data services" and "agricultural industry chain financial service" for respective disclosures in this financial report.

During the period under review, turnover of the Group was approximately RMB14,364,866,000, representing a significant increase of approximately 74.7% as compared with that of last year. During the period under review, the Group recorded a gross profit of approximately RMB599,538,000, representing an increase of approximately 19.4% as compared to last year, which was mainly attributable to the significant increase in the gross profit of the Group's agricultural industry chain financial service business and the profit arising from the newly acquired agricultural big data service sector during the reporting period. Turnover of agricultural and petrochemical products supply chain services business was approximately RMB13,022,499,000 during the period, representing a significant increase of approximately 87.2% as compared to the same period last year, and gross profit was approximately RMB277,998,000, which represented a slight decrease of approximately 5.0% as compared to the same period last year. Turnover of the road and bridge construction business was approximately RMB1,240,554,000, roughly flat as compared to last year, and gross profit was approximately RMB232,738,000, representing a year-on-year increase of approximately 13.0%. Turnover of the agricultural industry chain financial service business was approximately RMB76,536,000, and the gross profit was approximately RMB64,005,000, representing a sharp increase of approximately 2,139.2% and 1,772.6% as compared to last year, respectively. Turnover of the agricultural big data service business, newly acquired in the second half of the year, was approximately RMB25,277,000, and the gross profit was approximately RMB24,797,000.

BUSINESS OPERATIONS

The existing main businesses of the Group comprise "agricultural big data services", "agricultural industry chain financial service", "agricultural and petrochemical products supply chain service" and "road and bridge construction service". In 2016, focused on the cooperation with the agricultural product wholesale markets, the Group created a novel and intelligent big data cloud platform for agricultural product wholesale (hereinafter referred to as "ICPAPW") that is smart and finance-based by using advanced operational management concept, modern computer software application and technical methods and various consumption financial instruments. "agricultural big data service" has fully taken advantages of relevant resources. During the progress of establishment of ICPAPW, it established personalized electronic settlement and big data integrated service for each cooperative market and provided a series of ancillary services such as customization and installation of relevant software, and maintenance and upgrade of system. As for "agricultural industry chain financial service", the Group has carried out financial leasing and commercial factoring service businesses through Ever Fortune Financial Leasing Co., Ltd. ("Ever Fortune") and its wholly-owned subsidiary, Ever Fortune Commercial Factoring Co., Ltd ("Ever Fortune Commercial Factoring"). At the same time, the Group particularly took full advantages of ICPAPW and focused on the expanding of agriculture-related industry chain financial service based on agricultural product wholesale markets and provided a series of financial value-added service along the value chain derived from financial big data. As for "agricultural and petrochemical product supply chain service", the Group continued to promote the development and upgrade of the agricultural and petrochemical product supply chain service. On the premises of consolidating of existing businesses and improvement of risk control, the Group actively established solid strategical cooperative partnership with well-known enterprises and large-scale suppliers at domestic and abroad, to carry out global procurement business of agricultural resources and products and create new business model on the basis of advantages in terms of channel size. In addition, "road and bridge construction service" of the Group continuously maintained sound and stable development. During the period under review, the Group continuously strengthened the capital of Nantong Road and Bridge Engineering Co., Ltd. ("Nantong Road and Bridge") through the registered capital increase injection and the acquisition of its equity interests, not only laying a solid foundation for Nantong Road and Bridge to participate in tender and construction of large-scale projects but also increasing its bidding rate of the tender of projects with high requirements. Meanwhile, through optimization of management system of Nantong Road and Bridge and improvement of its risk control system, the road and bridge business sector becomes one of the highlights of continued growth in future performance while contributing stable profits to the Group.

AGRICULTURAL BIG DATA SERVICE BUSINESS

The Group is committed to become a comprehensive agricultural product wholesale market service supplier covering "market + logistic + finance + technology". The Group has innovatively researched and developed ICPAPW and promoted its use in the cooperative markets. In terms of the offline, the Group has transformed the agricultural product wholesale transactions with computer and renovated the traditional cash-based and extensive agricultural industrial transactions with digitalized and intelligent transaction platform; in terms of the online, the Group has created big database for agricultural product wholesale markets on the ICPAPW, so as to jointly create "Dasheng agricultural product wholesale model" of agricultural product wholesale markets both online and offline. To date, the Group has already deeply cooperated with several domestic well-known agricultural product wholesale markets to promote the Dasheng agricultural product wholesale model. There are six agricultural product wholesale markets that have completed the online operation of electronic settlement system and intelligent operation system of agricultural product wholesale, which are located in Nanjing City and Zhenjiang City, Jiangsu Province, Heze City, Shandong Province, Huzhou City, Zhejiang Province, and Meishan City, Sichuan Province, respectively. The Group provides each market with the installation and maintenance service of corresponding system software to implement coin-free transactions with a view to building a new intelligent agricultural product circulation transaction center with integrity of standardized, systemized, informational, intelligent, and finance-based features; based on this, market data are collected to form big data of agricultural product circulation for the purpose of direction of agricultural product transaction and resource allocation and investment of financial resource to reduce financial risk and build agricultural product tracking system.

For the year ended 31 December 2016, turnover of the Group's big data service business in agricultural sector was approximately RMB25,277,000, representing approximately 0.2% of the total turnover of the Group; the gross profit was approximately RMB24,797,000, and the gross margin was approximately 98.1%.

AGRICULTURAL INDUSTRY CHAIN FINANCIAL SERVICE BUSINESS

As at 31 December 2016, the Group owns a total of 73% equity interests of Ever Fortune after the completion of capital increase by further acquisition of 12.5% equity interests of Ever Fortune in March 2016, demonstrating that the Company is confident of the prospect of agricultural industry chain financial service business. Meanwhile, the Group plans to provide general commercial agricultural industry chain financial service to state-owned enterprises and reputable private companies. It has carried out synergic supply chain finance business with cooperative agricultural product wholesale markets by integrating agricultural data resources through full use of information advantages from Dasheng ICPAPW while normally engaging in normal and regular financial leasing and commercial factoring. The cooperative ways that currently have been implemented and recorded a profit are as follows:

- acting as technical and financial service supplier of agricultural product wholesale markets to provide financial leasing and commercial factoring services for operators of cooperative agricultural product wholesale markets.

- providing corresponding agricultural industry chain financial service and obtaining revenue for the potential financial needs of agricultural product wholesale merchants leveraging on the internal credit system established in the progress of providing big data service when transforming agricultural product wholesale markets.

For the year ended 31 December 2016, turnover of the Group's agricultural industry chain financial service business was RMB76,536,000 (31 December 2015: approximately RMB3,418,000), accounting for approximately 0.5% of the Group's total turnover. Gross profit was approximately RMB64,005,000 (31 December 2015: approximately RMB3,418,000), representing a year-on-year sharp increase of approximately 1,772.6%, whereas the balance of interest-bearing assets of the Group's agricultural industry chain financial service business significantly increased to approximately RMB2,343,521,000 as at 31 December 2016 from approximately RMB258,013,000 as at 31 December 2015, representing an increase of approximately 808.3%. The significant increase of these indicators was mainly attributable to the explosive growth of the agricultural industry chain financial service business after its initial run-in period.

AGRICULTURAL AND PETROCHEMICAL PRODUCT SUPPLY CHAIN SERVICE BUSINESS

The price of petrochemical products was deeply affected by the market and decreased significantly because of fluctuation of the international crude oil prices in 2016. Facing the turbulent oil markets all over the world, the Group proactively upgraded the industrial structure to stabilize its operations, adopted important strategies of risk prevention and control, and developed more products such as chemical fertilizers that were closely related to agriculture. Meanwhile, leveraging professional experience and advantages in terms of channel size, the Group proactively promoted the diversification and optimization of product structure and cooperated with well-known enterprises and large-scale suppliers at home and abroad, with a view to expanding mass agricultural product trade and forming trading categories and business size with certain competitiveness.

For the year ended 31 December 2016, turnover of the Group's agricultural and petrochemical product supply chain service business was approximately RMB13,022,499,000 (31 December 2015: approximately RMB6,956,002,000), accounting for approximately 90.7% of the Group's total turnover. Gross profit was approximately RMB277,998,000 (31 December 2015: approximately RMB292,741,000), representing a year-on-year decrease of approximately 5.0%, whereas gross margin decreased from approximately 4.2% last year to approximately 2.1% in the reporting period. The significant increase in turnover and the decrease in gross profit and gross margin were mainly attributable to the adjustment of product structure and speeding up of capital turnover rate by the Group during the period.

ROAD AND BRIDGE CONSTRUCTION BUSINESS

In 2016, with the strengthening of domestic industrialization progress, the Group strictly adhered to "New Urbanization" and "One Belt and One Road (OBOR)" strategy and remained sound development trend in terms of its road and bridge construction business by taking advantage of advanced engineering techniques and excellent talent resource reserve. The Group completed the capital injection to the Nantong Road Project and Bridge and the acquisition of minority equity interests in the fourth quarter of 2016, respectively. The Company currently owns 91.3% equity interests of Nantong Road and Bridge, not only enhancing the competitive edge of Nantong Road and Bridge by increasing its capital, but also demonstrating that the confidence of the Company in the relevant future road and bridge business.

For the year ended 31 December 2016, turnover of the Group's road and bridge construction business was approximately RMB1,240,554,000 (31 December 2015: approximately RMB1,263,654,000), accounting for approximately 8.6% of the Group's total turnover, and gross profit was approximately RMB232,738,000 (31 December 2015: approximately RMB205,891,000), representing a year-on-year increase of approximately 13.0%, whereas gross margin increased from approximately 16.3% last year to approximately 18.8% in the reporting period. The increase in gross profit and gross margin was mainly attributable to the longer construction period of most of projects commenced by the Group in the reporting period.

OTHER INCOME AND GAINS

For the year ended 31 December 2016, other income and gains were approximately RMB27,135,000 (year ended 31 December 2015: approximately RMB70,356,000), representing a decrease of approximately 61.4%, as there was a reversal of impairment loss amounting to RMB48,665,000 recognized in the year of 2015.

DISTRIBUTION COSTS

For the year ended 31 December 2016, the Group's distribution costs were approximately RMB10,651,000 (year ended 31 December 2015: approximately RMB11,722,000).

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2016, the Group's administrative expenses were approximately RMB122,500,000 (year ended 31 December 2015: approximately RMB120,481,000) roughly flat as compared to last year.

FINANCE COSTS

For the year ended 31 December 2016, the Group's finance costs were approximately RMB46,015,000 (year ended 31 December 2015: approximately RMB60,396,000), representing a decrease of 23.8% as compared to the same period last year, which was mainly due to the sharp decrease in average balance of borrowings as compared to last year.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the year ended 31 December 2016, the Group's profit for the year attributable to owners of the Company was approximately RMB307,082,000 (year ended 31 December 2015: approximately RMB247,449,000), representing an increase of approximately 24.1% as compared with the corresponding period of last year. The basic and diluted earnings per share attributable to owners of the Company during the period were approximately RMB0.043 (year ended 31 December 2015: approximately RMB0.057 (restated)), representing a decrease of approximately 24.6% as compared with the corresponding period of last year.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Capital Structure

As of 31 December 2016, the Group had total assets less current liabilities of approximately RMB3,432,928,000 (31 December 2015: approximately RMB1,810,358,000), including non-current assets of approximately RMB1,633,242,000 (31 December 2015: approximately RMB1,094,135,000) and net current assets of approximately RMB1,799,686,000 (31 December 2015: approximately RMB716,223,000).

As of 31 December 2016, the Group's equity attributable to owners of the Company was approximately RMB3,071,861,000, representing a huge increase of approximately 107.6% as compared to RMB1,479,713,000 in 2015, which was mainly attributable to the successful completion of placing and subscription by the Company during the reporting period.

Liquidity and Financial Resources

As at 31 December 2016, the Group had restricted bank deposits and cash equivalents of approximately RMB1,645,739,000 (2015: approximately RMB613,952,000) in total. The significant increase in cash and cash equivalents was mainly attributable to the successful completion of subscription and placing by the Company during the reporting period.

The Group had short-term borrowings of RMB1,707,746,000 and RMB1,021,200,000, respectively as at 31 December 2016 and 31 December 2015, and no long-term borrowing as at 31 December 2016 (2015: RMB31,667,000).

As at 31 December 2016 and 31 December 2015, debt asset ratios were approximately 64.3% and 72.4%, respectively. Debt asset ratio was calculated as the percentage of total liabilities divided by total assets.

Foreign exchange risk

The Group's trade receivables were denominated in Renminbi while domestic and foreign purchases were either denominated in Renminbi or United States Dollars. As such, the Group does not have significant foreign currency exchange exposures for the time being. The management of the Group considers that no hedging or other relevant strategy is necessary currently, but will closely monitor the fluctuation of the exchange rates of the relevant foreign currencies against Renminbi.

Pledge of assets

As at 31 December 2016, the Group's payments for leasehold land held for own use under operating leases with a net book value of approximately RMB8,042,000 (31 December 2015: RMB8,220,000) were pledged as security for the Group's bank borrowings. As at 31 December 2016, property, plant and equipment with a net book value of approximately RMB57,977,000 (2015: nil) were pledged as security for the Group's borrowings. As at 31 December 2016, the Group had restricted bank deposits of approximately RMB146,904,000 (31 December 2015: RMB251,375,000) as collateral for the bank borrowings and the issuance of commercial notes, performance bonds and bid bonds to customers.

EMPLOYEE INFORMATION

As at 31 December 2016, the Group had 489 employees. During the period under review, total employee remuneration (including directors' remuneration) amounted to approximately RMB70,654,000 (year ended 31 December 2015: RMB57,872,000). Employees' remuneration is determined by reference to industry practice as well as the performance, qualification and working experience of individual employee. Remuneration packages comprised basic salary, discretionary bonus, state-managed retirement benefit schemes for employees in the PRC and mandatory provident funds schemes for employees in Hong Kong.

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

On 18 August 2015, the Company (as purchaser), entered into a sale and purchase agreement with 江西樟樹市智贏投資管理中心 (Jiangxi Zhangshu City Zhiying Investment Management Centre*) (as vendor) and Wu Hongbin and Yan Xiefang (collectively as guarantors) in relation to the acquisition of entire equity interests in 上海諧易企業管理諮詢有限公司 (Shanghai Kaiyi Corporate Management Consultancy Co., Limited*) ("Shanghai Kaiyi") at a total consideration of RMB268 million. Shanghai Kaiyi and its subsidiary, 上海潤通實業投資有限公司 (Shanghai Runtong Industrial and Investment Co., Limited*) are principally engaged in and have been granted the payment services license by the People's Bank of China to conduct the business of prepaid card issuance and settlement. The acquisition was subsequently completed on 27 July 2016. Details of such acquisition are set out in the announcements of the Company dated 18 August 2015, 24 December 2015, 28 April 2016 and 27 July 2016.

On 8 January 2016, the Group (as purchaser), entered into a sale and purchase agreement with Crown Castle Limited (as vendor) in relation to the acquisition of additional 12.5% equity interests of the Company's then 53% owned subsidiary, Ever Fortune, at a consideration of RMB25 million. At the same date, the Group entered into a joint venture agreement among the vendor and the other shareholder of Ever Fortune to agree the capital injection to Ever Fortune. Pursuant to the joint venture agreement, the Group agreed to invest RMB234 million in cash to Ever Fortune. Since one of the shareholders will not inject any capital, the shareholding of the Group to Ever Fortune will increase to 73% after the acquisition of 12.5% equity interests and capital injection. The acquisition and capital injection was subsequently completed on March 2016. Details of which are set out in the announcements of the Company dated 8 January 2016 and 15 March 2016.

On 6 June 2016, the Group completed the formation of two joint venture companies, Fujian Ruiying Financial Leasing Company Limited ("Fujian JV") and Ever Fortune (Xiamen) Financial Leasing Co., Ltd. ("Xiamen JV") with a registered capital of RMB200 million and RMB500 million, respectively. The Company indirectly owns as to 79.75% equity interests of each of Fujian JV and Xiamen JV. Details of which are set out in the announcements of the Company dated 19 April 2016 and 6 June 2016.

** For identification purpose only*

On 26 August 2016, the Company entered into a capital injection agreement with Nantong Road and Bridge and all other shareholders of Nantong Road and Bridge in relation to the injection of RMB300,000,000 in capital of Nantong Road and Bridge, of which RMB128,605,700 being the increase of registered capital and RMB171,394,300 being the premium for injection of capital in Nantong Road and Bridge. After the capital injection, approximately 82.41% equity interest of Nantong Road and Bridge is owned by the Company. The capital injection was subsequently completed on September 2016. Details of the capital injection are set out in the announcement of the Company dated 26 August 2016.

On 14 October 2016, the Company (as purchaser) entered into sale and purchase agreements with six individual shareholders of Nantong Road and Bridge (each as vendor), respectively, in relation to the acquisition of then approximately 8.9% equity interest in Nantong Road and Bridge at an aggregate consideration of RMB88,950,602. Upon completion of the acquisition, in aggregate approximately 91.3% equity interest in Nantong Road and Bridge is owned by the Company. Details of which are set out in the announcements of the Company dated 26 August 2016 and 14 October 2016.

Save as disclosed above and the transactions described elsewhere in this annual report, the Group had no other significant investments, material acquisitions or disposals during the year.

USE OF PROCEEDS FROM THE PLACING AND THE SUBSCRIPTION OF H SHARES

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

	Net Proceeds from the subscription and placing		
	Available	**Used**	**Unused**
	HKD'000	HKD'000	HKD'000
Funding for the trading of agricultural products and principal for the financing services	673,000	673,000	—
Potential acquisition of financial servicing companies in the PRC	116,000	—	116,000
Developing software application, database and electronic settlement system for the smart wholesale market, marketing of Yingdian Life Card, and recruitment of staff	100,000	40,000	60,000
Repayment of the Group's indebtedness	600,000	600,000	—
General working capital	126,000	126,000	—
Total	1,615,000	1,439,000	176,000

The remaining balance of the net proceeds was placed in bank deposit accounts. The Group will apply the remaining net proceeds in the manner set out in the announcements of the Company dated 9 March 2016, 1 April 2016 and 16 May 2016 in relation to the change in use of proceeds from subscription and placing.

Biographical Details of Directors, Supervisors and Senior Management

BOARD OF DIRECTORS

Executive Directors

Mr. Lan Huasheng (蘭華升), aged 45, has served as the chairman of the Board and an executive Director of the Company since June 2014. He is a senior accountant in the PRC. He is also a director of certain subsidiaries of the Group. Mr. Lan has extensive experience in finance and accounting. He was formerly a finance manager and financial controller of various companies from July 1995 to June 2006. He acted as the general manager of Fujian Dasheng Holdings Limited from June 2006 to May 2014 and the chairman of the board of directors and general manager of Dasheng (Fujian) Agricultural Ltd. (" Fujian Dasheng") from April 2010 to April 2014. He is currently the chairman of the board of directors of Dasheng Holdings Limited ("Dasheng Holdings") and Shenzhen Qianhai Dasheng Equity Investment Fund Co., Ltd. ("Qianhai Dasheng") and Shenzhen Dasheng Agricultural Group Co., Ltd. ("Shenzhen Dasheng"). Shenzhen Dasheng is owned as to 30% by Dasheng Holdings and 70% by Qianhai Dasheng, and Fujian Dasheng is owned as to 100% by Shenzhen Dasheng. Mr. Lan was awarded "The Sixth Session of Fujian May 4th Youth Medal" in May 2009 and was selected as one of the "Outstanding Youth Entrepreneurs of Fujian Province" in October 2009, was selected as one of the "2015 Guangdong Province Outstanding Entrepreneurs" and was awarded the "Ninth Award of Business Celebrities in Shenzhen" in 2016. Mr. Lan graduated from Jiangxi University of Finance and Economics in the PRC specializing in finance in July 2002.

Mr. Mo Luojiang (莫羅江), aged 37, has served as chief executive officer and an executive Director of the Company since May 2013 and June 2013, respectively. He is also the chairman of the nomination committee of the Company and a director of certain subsidiaries of the Group. Mr. Mo joined the Company in July 2003 and was responsible for the preparation of listing of the Company in Hong Kong and then he was in charge of the business operation of the Company. Mr. Mo served as secretary of the Board from July 2003 to July 2006 and from April 2012 to May 2013, and the vice general manager of the Company from May 2006 to June 2013. He served as executive vice general manager of the Company from March 2007 to December 2010. Mr. Mo served as an executive Director of the Company from May 2007 to June 2012 when the Company was listed on the Growth Enterprise Market of the Stock Exchange. He obtained a bachelor's degree in management specialising in accountancy from Shanghai University of Finance and Economics in July 2003. Mr. Mo was awarded "The Excellence in Achievement of World Chinese Youth Entrepreneurs" in 2008.

Mr. Wang Liguo (王立國), aged 54, has served as executive Director and vice president of the Company since June 2014, respectively. He is a senior engineer in the PRC. He is also a director of certain subsidiaries of the Group. Mr. Wang has nearly 30 years' experience in the Chinese petroleum and petrochemical industries. From 1983 to 2011, Mr. Wang worked for various branches and subsidiaries of China Petrochemical Corporation ("Sinopec"). From August 1983 to May 2000, Mr. Wang held various positions in Anqing Branch Company of Sinopec, including senior engineer, system analyst and deputy director of crude oil department. He has served as the vice director and director, respectively, of human resource department of Sinopec Guangdong Oil Products Company Shenzhen Branch from May 2000 to November 2007, a vice general manager of Sinopec International (Hong Kong) Co., Ltd. from October 2007 to October 2011. From November 2011 to December 2013, he acted as the general manager of Hongkong Huaxin Petroleum Limited. Mr. Wang is currently a director and the general manager of Zhenjiang Runde Equity Investment Fund Ltd.. Mr. Wang obtained a bachelor's degree in metal material and heat treatment from Hefei University of Technology in the PRC in July 1983 and obtained a master's degree in business administration from Zhejiang University in the PRC in June 1997.

Non-executive Director

Mr. Zhu Tianxiang (朱天相), aged 44, has served as non-executive Director since June 2015. He is also a member of the audit committee of the Company and a general manager and director of Shenzhen Dasheng Financial Holding Company Limited, a wholly owned subsidiary of the Company. He has extensive experience in financial management. He was formerly the manager of the finance department, the vice general manager and the general manager of various companies from August 1994 to July 2002. He served as the department general manager in Founder Securities Limited from August 2002 to November 2004 and was responsible for audit control and regulatory compliance. He was also a member of the senior management and president office, the chief duty compliance officer and the vice president of Founder Securities Limited from December 2004 to June 2008. He engaged in the preparation work for Credit Suisse Founder Securities Limited as a representative of the PRC party from July 2008 to October 2008, and held positions as a member of the senior management and general manager office of Credit Suisse Founder Securities Limited, the financial controller and secretary to the board of Credit Suisse Founder Securities Limited's from November 2008 to April 2015. He is the group general manager of Shenzhen Dasheng which is a substantial shareholder of the Company holding approximately 47.12% of the total issued shares of the Company as at the date of this report. Mr. Zhu obtained a bachelor's degree in international accounting and securities investment from Jiangxi College of Finance and Economics in June 1994.

Independent Non-executive Directors

Mr. Chung Cheuk Ming (鍾卓明), aged 54, has served as an independent non-executive Director since June 2012. He is the chairman of the audit committee of the Company and a member of the remuneration and assessment committee and nomination committee of the Company. Mr. Chung is a practicing certified public accountant in Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Society of Chinese Accountants and Auditors, and an associate member of the Hong Kong Institute of Bankers. Mr. Chung has been the principal of Alex Chung & Company, Certified Public Accountants since August 2006. Mr. Chung is currently a court-appointed trustee in bankruptcy. He worked for Louie Wu & Co over three years and resigned in June 2006. Mr. Chung obtained a bachelor of arts degree from The University of Hong Kong in November 1986. He also obtained a postgraduate diploma in information systems from City University of Hong Kong in November 1998, a master of science degree in e-commerce from The Hong Kong Polytechnic University in November 2003 and a master of science degree in corporate governance and directorship from Hong Kong Baptist University in November 2006. In addition, Mr. Chung obtained a postgraduate diploma in insolvency from HKICPA in June 2004.

Mr. Zhou Jianhao (周建浩), aged 55, has served as an independent non-executive Director since December 2012. He is the chairman of the remuneration and assessment committee of the Company and a member of the audit committee and nomination committee of the Company. Mr. Zhou is currently the general manager of Shanghai Kunpu Electronics and Technology Co., Ltd. and Shanghai Pai Feng Industrial Co., Ltd. Mr. Zhou graduated from Nanjing Political College specialising in economic management in the PRC in June 2002 and completed an on-the-job postgraduate programme specialising in business administration from Shanghai Academy of Social Sciences in the PRC in December 2001.

Mr. Yang Gaoyu (楊高宇), aged 49, has served as an independent non-executive Director since August 2016. He is a member of the audit committee, remuneration and assessment committee and nomination committee of the Company. Mr. Yang is a member of the Chinese Institute of Certified Public Accountants, a China Certified Tax Agents, a Corporate Counsel (企業法律顧問) in the PRC, a Judicial Accounting Appraiser (司法會計鑒定人) in the PRC. Mr. Yang is currently the principal of Beijing Zhongzheng Tiantong Certified Public Accountants (Shenzhen Branch) (Special General Partnership) since October 2012. He also is the independent directors of three public companies in PRC, namely Shenzhen Evenwin Precision Technology Co., Ltd.* (深圳市長盈精密技術股份有限公司) (Shenzhen Stock Exchange: 300115), New Trend International Logis-tech Co., Ltd.* (深圳市今天國際物流技術股份有限公司) (Shenzhen Stock Exchange: 300532) and WWW.36.CN (Shenzhen) Technology Co., Ltd.* (深圳市萬泉河科技股份有限公司) (New OTC market: 430434). Mr. Yang obtained his master's degree of business administration from New York Institute of Technology in 2010.

SUPERVISORS

Mr. Lu Tingfu (盧挺富), aged 46, has served as a Supervisor representing shareholders of the Company since June 2014. He is an intermediate accountant in the PRC. Mr. Lu has more than 20 years of experience in finance, accounting and auditing. He is currently a director of Shenzhen Dasheng, the sole director of Hong Kong Dasheng Investment Holdings Company Limited ("HK Dasheng Investment") and the general manager of Qianhai Dasheng. Shenzhen Dasheng 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 30% by Mr. Lu. HK Dasheng Investment is a wholly owned subsidiary of Shenzhen Dasheng. Mr. Lu had worked with Fujian Textile and Chemical Fiber Group Co., Ltd. for nearly 20 years, where he held a number of positions, including vice manager and manager of finance department and auditor. He graduated from the department of economics and management in South China Institute of Tropical Crops in the PRC (now known as Hainan University) specialising in finance and accountancy in June 1993.

Ms. Ye Mingzhu (葉明珠), aged 71, has been re-designated as an independent Supervisor of the Company since July 2015. She is a certified public accountant in the PRC. She is currently the manager of ShineWing Certified Public Accountants and the independent director of Fujian Start Group Co., Ltd. She was previously Supervisor representing shareholders of the Company from December 2012 to July 2015 and the independent non-executive Director from June 2005 to December 2012. Ms. Ye had formerly served at Shanghai Ruidong Hospital as executive vice-president and financial controller from March 2002 to October 2006 and Shanghai Xin Shen Certified Public Accountants from January 1994 to December 1998.

Ms. Chen Yuanling (陳媛玲), aged 45, has served as an independent Supervisor of the Company since July 2015. She has extensive experience in finance and auditing. She worked in Shenzhen Chinese Accountants Firm (深圳中華會計事務所) from August 1998 to September 2001 and has engaged in the auditing of annual financial statements as well as auditing of IPO issues of various listed companies. She worked in the audit department of Chunda Group (淳大集團) from September 2001 to January 2004 and was responsible for the audit work of the Group's external investment projects and providing management advice. From September 2006 to August 2014, Ms. Chen had held various positions including the financial controller of Shanghai Chunda Hotel Investment Management Co., Ltd (上海淳大酒店投資管理有限公司), the financial controller and the general manager of Shanghai Chunda Yuandi Industrial Co., Ltd (上海淳大源地實業有限公司) and the general manager of Taicang Chunda Greenwoods Properties Co., Ltd (太倉淳大景林置業有限公司). Ms. Chen has served as the vice general manager of Shanghai Greenwoods Investment and Development Co., Ltd (上海景林投資發展有限公司) since September 2014. Ms. Chen obtained a bachelor degree in international accounting from Jiangxi University of Finance and Economics in 1994 and a master's degree in business administration from Shanghai University of Finance and Economics in 2004.

Ms. Zhao Liping (趙莉萍), aged 41, has served as a Supervisor representing employees of the Company since November 2014. She is an intermediate accountant in the PRC. She is currently the manager of the financing department of the Company. Ms. Zhao has more than twenty years of experience in finance, accounting and auditing. She has served several positions within the Group from September 2000 to August 2014, including manager of the finance department of Shanghai Dasheng Agro-chemical Co., Ltd. (formerly known as Shanghai Tonva Asphalt Company Limited), manager of the finance department of Hong Kong Dasheng Agriculture Holding Company Limited (formerly known as Donghua (Hong Kong) Limited), accounting officer of the finance department of Shanghai Tonva Trading Limited, the Company's predecessor. Prior to joining the Company, Ms. Zhao worked for Shanghai Building Materials Supply General Corp. Ms. Zhao graduated from University of Shanghai for Science and Technology in the PRC specialising in accounting in July 2002.

Mr. Jiang Feng (蔣峰), aged 35, has served as a Supervisor representing employees of the Company since July 2015. He joined the Secretary Office of the Board in May 2013. He was appointed as the securities affairs representative of the Company since October 2014. Mr. Jiang obtained a bachelor's degree in accounting and finance from the Griffith College Dublin in lreland in January 2010.

SENIOR MANAGEMENT

Mr. Qian Di (錢迪), aged 35, has served as the Group's Financial Controller and the vice president of the Company since August 2014 and August 2016, respectively. He is also a director of certain subsidiaries of the Group. Mr. Qian is a member of Chinese Institute of Certified Public Accountants and passed the qualification programme of the HKICPA. Mr. Qian has over 10 years of experience in accounting and auditing. Prior to joining the Company, Mr. Qian worked in KPMG Huazhen (Special General Partnership) Shanghai Office from August 2006 to August 2014 and was an audit manager when he resigned. Mr. Qian obtained a bachelor's degree in management from Fudan University in the PRC specialising in financial management in July 2004.

Ms. Lo Suet Fan (盧雪芬), aged 51, has served as the company secretary and authorised representative of the Company since May 2013. Ms. Lo joined the Company in April 2013 and has extensive experience in finance, accounting and company secretarial fields. Ms. Lo is an associate member of the HKICPA and a fellow member of The Association of Chartered Certified Accountants of the United Kingdom. She obtained a Postgraduate Diploma in Finance and Law from The University of Hong Kong School of Professional and Continuing Education in July 2012.

Corporate Governance Report

The board of directors (the "Board") of the Shanghai Dasheng Agriculture Finance Technology Co., Ltd. (the "Company") is always committed to maintaining high standards of corporate governance and business ethics since the Board believes that sound and effective corporate governance practices are essential for maintaining and enhancing investors' confidence and maximizing shareholders' wealth. The Board, from time to time, reviews its corporate governance practices in order to meet the rising expectations of shareholders, to comply with the increasingly stringent regulatory requirements, and fulfill its commitment to excellence in corporate governance.

The Company has adopted the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code of corporate governance. The Company has complied with the code provisions of the CG Code throughout the year ended 31 December 2016.

The manner in which the code provisions in the CG Code are applied and implemented during the year ended 31 December 2016 is explained in this Corporate Governance Report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 supervisors of the Company confirmed that they have complied with the Model Code throughout the year ended 31 December 2016.

BOARD OF DIRECTORS

The Board, which currently comprises 7 Directors, is responsible for corporate strategy, annual and interim results, succession planning, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specifically delegated by the Board to the management include the preparation of annual and interim accounts for the Board's approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

The biographical details of the Directors are set out in the "Biographical Details of Directors, Supervisors and Senior Management" section on pages 22 to 23 of this annual report. All Directors have given sufficient time and attention to the affairs of the Group. Each executive Director has sufficient experience to hold the position so as to carry out his/her duties effectively and efficiently.

In addition to the executive Directors, the Company also has appointed three independent non-executive Directors who have appropriate and sufficient experience and qualifications to carry out their duties so as to protect the interests of shareholders. In addition, the Company has appointed one non-executive Director to enrich the profile of the Board.

The members of the Board during the year ended 31 December 2016 and up to the date of this report are:

Executive Directors:
Mr. Lan Huasheng (Chairman)
Mr. Mo Luojiang (Chief Executive Officer)
Mr. Wang Liguo (Vice President)

Non-executive Director:
Mr. Zhu Tian Xiang

Independent Non-executive Directors:
Mr. Chung Cheuk Ming
Ms. Pan Min (resigned on 23 August 2016)
Mr. Yang Gaoyu (appointed on 23 August 2016)
Mr. Zhou Jianhao

The Company has received written annual confirmation from each independent non-executive Director of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent with regard to the aforesaid guidelines.

To the best knowledge of the Directors, the Board is not aware of any financial, business, family or other material/ relevant relationships among members of the Board.

During the year ended 31 December 2016, the Board convened a total of twenty Board meetings on the needs of the operation and business development of the Company.

MEETINGS ATTENDED/HELD

The attendance of individual members of the Board at the Board, Board Committees and general meetings during the year ended 31 December 2016 are as follows:

	Attendance/Meetings held				
Directors	Board	Remuneration and Assessment Committee	Nomination Committee	Audit Committee	General meeting and class general meeting*
Executive Directors:					
Mr. Lan Huasheng (Chairman)	20/20				3/3
Mr. Mo Luojiang (Chief Executive Officer)	20/20		2/2		3/3
Mr. Wang Liguo (Vice President)	20/20				3/3
Non-executive Director:					
Mr. Zhu Tian Xiang	20/20				
Independent Non-executive Directors:					
Mr. Chung Cheuk Ming	20/20	2/2	2/2	7/7	3/3
Ms. Pan Min (resigned on 23 June 2016)	15/20	2/2	2/2	6/7	3/3
Mr. Yang Gaoyu (appointed on 23 June 2016)	5/20	0/0	0/0	1/7	0/0
Mr. Zhou Jianhao	20/20	2/2	2/2	7/7	3/3

* *In 2016, the Company convened one annual general meeting, one domestic shareholders class meeting and one H shareholders class meeting.*

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision A.2.1, the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

During the year 2016, the role of chairman and CEO vest on Mr. Lan Huasheng and Mr. Mo Luojiang, respectively. Essentially, the Chairman takes the lead to oversee the Board functions and ensure all important issues are discussed in a timely manner, while the CEO, supported by his management team, implements major strategies and policies of the Company and is responsible for the day-to-day management of the business of the Company.

NON-EXECUTIVE DIRECTORS

Code provision A.4.1 of the CG Code stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. All Directors, including non-executive Director and independent non-executive Directors are appointed for a specific term of 3 years or until the expiration of the term of the current session of the Board and are subject to re-election provisions in the articles of association of the Company. All Directors shall be elected and removed by the shareholders in general meeting according to the articles of association of the Company. Code Provision A.6.7 of the CG Code stipulates that non-executive directors, including independent non-executive directors, should attend general meetings of the Company. At the respective general meetings of the Company, all executive Directors, non-executive Director and independent non-executive Directors present to enable the Board to develop a balanced understanding of the views of the shareholders of the Company.

CONTINUOUS PROFESSIONAL DEVELOPMENT

All newly appointed Directors are provided with necessary induction and information to ensure that they have a proper understanding of the Group's businesses and their statutory supervision responsibilities as directors of listed companies. The Company will update Directors on the latest development regarding the Group's businesses as well as the Listing Rules and other applicable regulatory requirements. During the year, the Company has arranged an internal training for all Directors and senior management in relation to legal compliance for companies listed in Hong Kong. In addition, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills.

Directors confirmed that they have complied with the code provision A.6.5 of the CG Code on directors' continuous professional development. During the year, the continuous professional development taken by respective Directors are as follows:

Name	**Training Received** *(Note)*
Executive Directors	
Lan Huangsheng	A, B
Mo Luojiang	A, B
Wang Liguo	A, B
Non-executive Director	
Zhu Tianxiang	A, B
Independent Non-executive Directors	
Chung Cheuk Ming	A, B
Yang Gaoyu	A, B
Zhou Jianhao	A, B

Note:

A: reading materials relevant to the Company's business or to the directors' duties and responsibilities

B: attending seminars/workshops/webinar or training course

BOARD COMMITTEES

Remuneration and Assessment Committee

The remuneration and assessment committee was established in 2005 (It was originally known as Remuneration Committee and was changed as the remuneration and assessment committee in 2012) and the terms of reference of remuneration and assessment committee are aligned with the CG Code. The committee members are independent non-executive Directors. The chairman of the committee is Mr. Zhou Jianhao and other committee members included Mr. Chung Cheuk Ming and Ms. Pan Min (resigned on 23 August 2016) and Mr. Yang Gaoyu (appointed on 23 August 2016).

The roles of the remuneration and assessment committee include the determination of the specific remuneration packages of all executive Directors, including benefits in kind, pension benefits and compensation payments (including any compensation payable for loss of office or engagement), and make recommendations to the Board about the remuneration of the non-executive Directors.

The remuneration and assessment committee of the Company held two meetings during the year ended 31 December 2016 and has considered and reviewed the terms of service contract of the new independent non-executive Director and make recommendations to the Board on the remuneration packages of individual directors and senior management with reference to the corporate objectives.

Nomination Committee

The Company established the nomination committee ("Nomination Committee") on 16 February 2012 and the terms of reference of Nomination Committee are aligned with the CG Code. The majority of committee members are independent non-executive Directors and the chairman of the committee is Mr. Mo Luojiang, the other members include Mr. Chung Cheuk Ming, Ms. Pan Min (resigned on 23 August 2016), Mr. Yang Gaoyu (appointed on 23 August 2016) and Mr. Zhou Jianhao.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis, make recommendations on any proposed change to the Board to complement the Company's corporate strategies and assess the independence of independent non-executive Directors. Furthermore, the committee will make recommendations to the Board on matters relating to the appointment or re-appointment of Directors and succession planning for Directors, subject to the final approval in the general meeting.

In assessing the Board composition, the Board has adopted a board diversity policy (the "Policy") which sets out the approach to achieve diversity on the Board. All Board appointments shall be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, professional experience and skills. The ultimate decision shall be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee will monitor the implementation of the Policy and review the Board composition under diversified perspectives to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. As at the date of this annual report, the Board comprises seven Directors. Three of them are INEDs, thereby promoting critical review and control of the management process.

The Nomination Committee held two meetings during the year for reviewing the structure, size, diversity and composition of the Board; considering and recommending to the Board for approval the list of retiring directors for re-election at the annual general meeting held on 23 August 2016; reviewing the candidates for the position of Directors and making recommendations to the Board; and reviewing the senior management proposed to be appointed by the Board.

Audit Committee

The audit committee of the Company ("Audit Committee") was formed in 2005 and the terms of reference of Audit Committee are aligned with 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, Ms. Pan Min (resigned on 23 August 2016), Mr. Yang Gaoyu (appointed on 23 August 2016) 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 held 7 meetings during the year with management and/or representatives of the external auditor for reviewing the Group's unaudited interim results and audited annual results before submission to the Board for consideration and approval, reviewing the annual audit plan and scope of work of external auditor, discussing issues arising from the audits including internal controls, risk management and financial reporting and approving the audit fee. The Group's unaudited interim results for the six months ended 30 June 2016 and the audited annual results for the year ended 31 December 2016 have been reviewed by the Audit Committee, which has the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

AUDITOR'S REMUNERATION

The Audit Committee is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor including whether such non-auditing functions could lead to any potential material adverse effect on the Company. During the year ended 31 December 2016, the remuneration paid/payable to the Company's external auditor for its statutory audit services and non-audit services were RMB2,350,000 and RMB50,000, respectively. The non-audit services mainly included the work on continuing connected transactions.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Company. The Board is responsible for preparing the financial statements of the Company and the Group with the supports of Group Financial Controller and financial department of the Group. In preparing the financial statements, the Board has applied the Hong Kong Financial Reporting Standards and consistently followed the appropriate accounting policies and provisions of laws. The Board is aimed to give a clear and fair assessment of the Group's results to the shareholders in the annual and interim reports, and make disclosures and announcements in a timely basis.

The Directors' responsibilities for the consolidated financial statements and the responsibilities of the external auditor to the shareholders are set out on pages 54 to 55 of this report.

COMPANY SECRETARY

Ms. Lo Suet Fan ("Ms. Lo") was appointed as the company secretary of the Company on 15 May 2013. She is responsible to the Board for advising the Board on corporate governance matters. Ms. Lo has taken no less than 15 hours of relevant professional training during the year ended 31 December 2016 in compliance with the requirements of Rule 3.29 of the Listing Rules.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions as set out in the CG Code, which include to develop and review the Company's policies and practices on corporate governance; to review and monitor the training and continuous professional development of Directors and senior management; and to review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

MANAGEMENT FUNCTIONS

The Board is responsible for overall corporate strategy and monitoring and control of the performance of the Group whereas the management is responsible for the daily hands on operation.

When the Board delegates its management and administrative functions to the management, it has given clear directions as to the powers of the management and the circumstances where, the management on behalf of the Company shall obtain prior approval from the Board before making decisions or entering into any commitments.

The Company has established a list of functions reserved to the Board for decision and those delegated to the management. The Board shall review those arrangements regularly.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

To promote effective communication, the Company maintains a website at www.dsgd-sh.co, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other areas are posted. Investors and analysts briefings, press conferences and media interviews are conducted on a regular basis in order to keep shareholders and potential investors informed of the latest development of the Company.

The Company endeavors to maintain an on-going dialogue with its shareholders, in particular, through annual general meetings ("AGM(s)") or other general meetings to communicate with the shareholders and encourage their participation. The Chairman of the Board as well as the chairmen of the Audit Committee, Nomination Committee and Remuneration and Assessment Committee will make themselves available at the AGM to meet with the shareholders.

The forthcoming AGM of the Company will be held on 23 June 2017. The notice of AGM will be sent to shareholders 45 days before the AGM.

The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on the Group's business in a timely manner, subject to relevant regulatory requirement.

SHAREHOLDERS' RIGHTS

The Board welcomes shareholders to present their views and shareholders may at any time submit their questions and concerns about the Group. Enquiries may be put to the Board through our shareholders' email at investor@dsgd.co. Shareholders may also make enquiries to the Board by writing to the Secretary Office of the Board at the Company's office at 10-11F, Building G, Gateway International Plaza, No. 327 Tian Yao Qiao Road, Xuhui District, Shanghai, PRC (postal code: 200030) or Unit 1705-06, 17/F, Convention Plaza Office Tower, No. 1 Harbour Road, Wanchai, Hong Kong.

AGM shall be convened once every year and within 6 months after the end of the preceding financial year. The Board shall convene an extraordinary general meeting within two months if two or more shareholders jointly holding in aggregate 10% or more of the Company's issued shares carrying voting rights at the general meeting request in writing and stating the objectives of the meeting. If the Board fails to issue a notice of meeting within 30 days after receiving the written request, the requisitioning shareholders themselves may convene a meeting within four months after the Board receives the said request, and the convening procedure shall to the extent possible be the same as the procedure by which the Board convenes general meetings.

In the case of AGM, shareholders holding in aggregate 5% or more of the Company's shares carrying voting rights are entitled to put forward new proposals in writing to the Company, and the Company shall place such proposals in the agenda for the said AGM to the extent that it falls within the powers of the general meeting.

To safeguard shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual director.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

As approved as special resolutions at the AGM held on 23 August 2016, the articles of association of the Company was amended. The amendments to the articles of association of the Company included, among others, reflecting (i) the changes in the registered capital of the Company as a result of bonus issue of shares, subscription of shares and placing of shares; (ii) the change of name of the Company; and (iii) the expansion of business scope of the Company. An up-to-date consolidated version of the articles of association of the Company has been published on the websites of the Company and of the Stock Exchange.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and reviewing their effectiveness at least annually through the Audit Committee.

The Company has set up a risk management department to ensure effective internal control system of the Group. The internal control system of the Group also includes a defined management structure with limits of authority, formal policies and procedures of key processes, which allows the monitoring of controls of various functions and departments of the Group. Such systems are designed to help the Group achieve its business objectives, safeguard its assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in overseeing the risk management and internal control systems of the Group, considering major findings on internal control matters and make recommendations to the Board.

The management of the Company design, implement and monitor the assessment of the risk management and internal controls and has reported and confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2016.

The internal audit function conducts reviews of the effectiveness of the Group's risk management and internal control systems based on the internal audit plan and ad hoc requests from the Board, Audit Committee and/or senior management. The annual internal audit plan is developed based on an assessment of various business and operational risks of the Group.

In order to review the effectiveness of internal control system, an internal audit team has been established specifically under the audit committee by the Company in December 2007. A Risk Management Department is formed to further enhance the function of internal control and risk management of the Company in June 2014. Internal audit team comprises 4 members, who among themselves possess wealth of financial, contract management, project management and legal experience. The duties of the internal audit team principally include:

- To monitor the operational process and business risk;
- To oversee the execution and implementation of contracts;
- To oversee the management programme and the implementation of internal control system, including (among others) finance, authorization and procurement;
- To monitor the environmental conservation and production safety functions of the Group; and
- To hold meeting with the management so as to discuss the audit results and make recommendations.

The Board and the Audit Committee have reviewed the internal audit report and assessed the effectiveness of the Group's internal control and risk management system which covered all material controls, including financial, operational and compliance controls as well as risk management functions, during the year ended 31 December 2016. No major issue was raised but certain areas for improvement had been identified and considered for appropriate actions. The Board considered key areas of the internal control and risk management systems are generally effective and adequate including the adequacy of resources, staff qualifications and experiences, training programs and budget of the accounting, internal audit and financial reporting functions.

The Group has in place a policy on handling and dissemination of inside information. The Group has taken various procedures and measures, including arousing the awareness to preserve confidentiality of inside information within the Group, sending blackout period and securities dealing restrictions notification to the relevant directors, supervisors and employees regularly, disseminating information to specified persons on a need-to-know basis and regarding closely to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012.

Report of the Supervisory Committee

To the Shareholders,

During the year ended 31 December 2016, the supervisory committee (the "Supervisory Committee") of Shanghai Dasheng Agriculture Finance Technology Co.,Ltd. (the "Company") conscientiously exercised its authority, safeguarded the benefits of the shareholders and the interest of the Company, followed the principle of trust worthiness, honestly carried out the duties and obligations of supervisors as well as worked diligently and proactively, in accordance with the Company Law of the People's Republic of China, requirements of the relevant laws and regulations in Hong Kong and the articles of association of the Company (the "Articles") for its accountability to the shareholders.

I. RE-ELECTION OF SUPERVISORS

Upon approval by the shareholders of the Company at the annual general meeting held on 23 August 2016 and completion of registration formalities with the relevant administrative authority for industry and commerce, Supervisors representing Shareholders and independent Supervisors of the fourth session of the Supervisory Committee, namely Mr. Lu Tingfu, Ms. Chen Yuanling and Ms. Ye Mingzhu are re-elected as supervisors of the fifth session of the Supervisory Committee.

Upon democratic election at the staff representative meeting of the Company held on 23 August 2016 and completion of registration formalities with the relevant administrative authority for industry and commerce, Mr. Jiang Feng and Ms. Zhao Liping are re-elected as Supervisors representing employees of the fifth session of the Supervisory Committee at the staff representative meeting of the Company.

II. MAJOR WORK PERFORMED AND INDEPENDENT OPINIONS ISSUED BY THE SUPERVISORY COMMITTEE

During the year, the major work performed by the Supervisory Committee included attending Board meetings; carefully reviewing the report of the Directors and profit appropriation proposal to be submitted by the Board for approval at the forthcoming annual general meeting; strictly and effectively monitoring whether the policies and decisions made by the management of the Company had conformed with the state laws and regulations and the articles of association of the Company or safeguarded the benefits of the shareholders. The Supervisory Committee also reviewed the performance of the Directors, general manager and senior management in the daily operation of the Company by various means, and seriously examined the Company's financial position and its connected transactions. After the examination, the Supervisory Committee was of the view that:

1. the report of the Directors and the profit appropriation proposal to be submitted by the Board for approval at the forthcoming annual general meeting are in accordance with the relevant laws and regulations and the articles of association of the Company;

2. the Directors, general manager and other senior management of the Company have strictly followed the principles of trustworthiness, worked diligently and responsibly, and discharged their duties for the best interest of the Company. The Supervisory Committee has not discovered that any Director, general manager and other senior management of the Company abused their powers, damaged the interest of the Company or the benefits of the shareholders and employees of the Company or contravened any laws and regulations or the articles of association of the Company;

3. during the year ended 31 December 2016, the transaction price of the Group's asset acquisition and disposal were equitable and reasonable, and no insider transaction or behaviors causing damages to the shareholders' benefits have been found;

4. the financial statements of the Company for the year ended 31 December 2016, audited by BDO Limited, have truly and fairly reflected the operating results and asset position of the Group during the year. The related parties transactions were in compliance with the relevant provisions of the Listing Rules of the Hong Kong Stock Exchange and were fair and reasonable and did not infringe upon the interests of the Company and the shareholders.

The Supervisory Committee would like to take this opportunity to express its sincere gratitude to the shareholders, Directors and all the employees of the Company for their supports to its work in the past year. In the coming year, the Supervisory Committee will continue to perform its supervision and inspection functions diligently and devote efforts to improve the Company's overall competitiveness and sustainable profitability as well as safeguard the interests of the shareholders and the Company.

By order of the Supervisory Committee

Lu Tingfu
Chairman of the Supervisory Committee

Shanghai, PRC, 13 March 2017

Report of the Board of Directors

The Board of directors (the "Board") of Shanghai Dasheng Agriculture Finance Technology Co., Ltd. (the "Company") presents their report together with the audited financial statements of the Company and its subsidiaries (hereinafter collectively referred as the "Group") for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is trading of petrochemical products. The principal activities of the Group are road and bridge construction business, agricultural and petrochemical product supply chain services business, agricultural industry chain financial services business and agricultural big data services business. The activities of its subsidiaries are set out in note 33 to the financial statements.

SEGMENT INFORMATION

Details of segment information are set out in note 6 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of comprehensive income on page 56.

The state of affairs of the Group and of the Company as at 31 December 2016 are set out in the consolidated and company statement of financial position, respectively, on pages 57 to 58 and page 117.

No interim dividend was declared for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

On 13 March 2017, the Board recommended the payment of a final dividend of RMB0.01 per share (2015: RMB0.015 per share), totalling to approximately RMB86,331,000 (2015: approximately RMB76,331,000) for the year ended 31 December 2016. The proposed final dividend is based on the number of issued shares of the Company (i.e. 8,633,079,812 shares) as of the date of the board meeting (i.e. 13 March 2017) determining the final dividend.

Subject to the terms and conditions set out in the placing agreement as disclosed in the circular of the Company dated 5 December 2016 (the "Placing"), and on the basis that the placing shares are being placed in full, an aggregate of up to 1,500,000,000 new H Shares will be issued upon completion of the Placing. The Company's number of issued shares will be increased up to 10,133,079,812 shares. If the Placing proceeds and completes before the record date for determining the entitlement of the aforesaid final dividend, the holders of the placing shares will be entitled to the final divided, and that the final dividend will be RMB0.01 per share of the Company, totaling up to approximately RMB101,331,000 based on the number of issued shares of the Company after completion of the Placing (i.e. 10,133,079,812 shares on the assumption that the placing shares are being placed in full).

The proposed final dividend for 2016 is subject to shareholders' approval at the forthcoming annual general meeting.

FIXED ASSETS

Details of movements in property, plant and equipment, construction in progress and investment properties of the Company and the Group are set out in notes 16, 17 and 18 to the financial statements respectively.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in note 30 to the financial statements.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out under the consolidated statements of changes in equity and note 31 to the financial statements, respectively.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2016, calculated in accordance with the provisions of the Company Law of the People's Republic of China (the "PRC"), being the jurisdiction in which the Company was established, amounted to RMB271,771,000 (2015: RMB320,735,000).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company or the laws of the PRC, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 2.

SHARE OPTIONS

As at the date of this report, no option has been granted or agreed to be granted by the Company to any of its Directors, Supervisors or employees.

DIRECTORS

The Directors who held office during the year and up to the date of this report are:

Executive Directors

Mr. Lan Huasheng
Mr. Mo Luojiang
Mr. Wang Liguo

Non-executive Director

Mr. Zhu Tianxiang

Independent Non-executive Directors

Mr. Chung Cheuk Ming
Mr. Yang Gaoyu *(appointed on 23 August 2016)*
Mr. Zhou Jianhao
Ms. Pan Min *(resigned on 23 August 2016)*

The Company has received from each of the independent non-executive Directors an annual confirmation of their independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and considers that all independent non-executive Directors to be independent.

In accordance with Article 94 of the Company's articles of association, all the Directors shall be appointed at the general meeting for a term of three years. A director may serve consecutive terms if re-elected upon the expiration of the terms. The fifth session of the Board was elected at the annual general meeting of the Company convened on 23 August 2016. All members of the fifth session of the Board have a term of three years commencing from 23 August 2016.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Brief biographical details of Directors, Supervisors and senior management are set out on pages from 22 to 25.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into a service contract with the Company for a term of three years from his/her date of appointment as a Director or Supervisor (or until the expiration of the term of the current session of the Board or Supervisory Committee) and thereafter subject to termination by either party giving one to three months' written notice to the other party.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in this annual report, no contracts of significance in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2016, the interests or short positions of the Directors, chief executives and supervisors of the Company (the "Supervisors") 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 Listing Rules were as follows:

Long position in the shares and underlying shares of the Company:

Name of Directors/Supervisor	Type of shares	Capacity	Total number of shares and underlying shares	Approximate percentage of shareholding in such class of shares of the Company	Approximate percentage of shareholding in the issued shares capital of the Company
1. Mr. Lan Huasheng (Executive Director)	domestic shares	Interest in controlled corporation	1,818,013,540 *(L)* *(note 1 and 3)*	77.40%	23.82%
	H shares	Interest in controlled corporation	2,250,000,000 *(L)* *(note 1 and 3)*	42.58%	29.48%
2. Mr. Lu Tingfu (Supervisor)	domestic shares	Interest in controlled corporation	1,818,013,540 *(L)* *(note 1 and 3)*	77.40%	23.82%
	H shares	Interest in controlled corporation	2,250,000,000 *(L)* *(note 1 and 3)*	42.58%	29.48%
3. Mr. Wang Liguo (Executive Director)	domestic shares	Interest in controlled corporation	1,530,986,460 *(L)* *(note 2 and 3)*	65.18%	20.05%

L = Long position

Notes:

(1) Shenzhen Dasheng Agricultural Group Co., Ltd. ("Shenzhen Dasheng") and Hong Kong Dasheng Investment Holdings Company Limited ("HK Dasheng Investment") hold 1,368,013,540 domestic shares and 2,250,000,000 H shares of the Company, respectively. As HK Dasheng Investment is wholly owned by Shenzhen Dasheng, which in turn is owned as to 70% by Shenzhen Qianhai Dasheng Equity Investment Fund Co., Ltd. ("Qianhai Dasheng") and 30% by Dasheng Holdings Limited ("Dasheng Holdings"), and each of Qianhai Dasheng and Dasheng Holdings is owned as to 70% and 30% by Mr. Lan Huasheng and Mr. Lu Tingfu, respectively. By virtue of the SFO, Mr. Lan Huasheng and Mr. Lu Tingfu are deemed to be interested in 1,368,013,540 domestic shares and 2,250,000,000 H shares of the Company held by Shenzhen Dasheng and HK Dasheng Investment, respectively. The 1,368,013,540 domestic shares are charged by Shenzhen Dasheng in favour of a third party as security for a loan, and the loan amount is for Shenzhen Dasheng's own use.

(2) Zhenjiang Runde Equity Investment Fund Ltd. ("Zhenjiang Runde") is wholly owned by Mr. Wang Liguo. By virtue of the SFO, Mr. Wang Liguo is deemed to be interested in 980,986,460 domestic shares of the Company held by Zhenjiang Runde. The 980,986,460 domestic shares are charged by Zhenjiang Runde in favour of a third party as security for a loan, and the loan amount is for Zhenjiang Runde's own use.

(3) On 27 October 2016, the Company, Shenzhen Dasheng and Zhenjiang Runde entered into a share subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue and Shenzhen Dasheng and Zhenjiang Runde have conditionally agreed to subscribe for 450,000,000 and 550,000,000 domestic shares of the Company, respectively. The subscription was completed on 27 February 2017.

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

As at 31 December 2016, 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 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. Qianhai Dasheng	domestic shares	Interest in controlled corporation	1,818,013,540 *(L)* *(note 1 and 3)*	77.40%	23.82%
	H shares	Interest in controlled corporation	2,250,000,000 *(L)* *(note 1 and 3)*	42.58%	29.48%
2. Dasheng Holdings	domestic shares	Interest in controlled corporation	1,818,013,540 *(L)* *(note 1 and 3)*	77.40%	23.82%
	H shares	Interest in controlled corporation	2,250,000,000 *(L)* *(note 1 and 3)*	42.58%	29.48%
3. Shenzhen Dasheng	domestic shares	Beneficial owner	1,818,013,540 *(L)* *(note 1 and 3)*	77.40%	23.82%
	H shares	Interest in controlled corporation	2,250,000,000 *(L)* *(note 1 and 3)*	42.58%	29.48%
4. HK Dasheng Investment	H shares	Beneficial owner	2,250,000,000 *(L)*	42.58%	29.48%
5. Zhenjiang Runde	domestic shares	Beneficial owner	1,530,986,460 *(L)* *(note 2 and 3)*	65.18%	20.05%
6. 北京信宸股權投資基金（有限合夥）	H shares	Beneficial owner	444,000,000 *(L)*	8.4%	5.81%

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 1,368,013,540 domestic shares and 2,250,000,000 H shares of the Company held by Shenzhen Dasheng and HK Dasheng Investment, respectively, and Shenzhen Dasheng is deemed to be interested in the 2,250,000,000 H shares held by HK Dasheng Investment.

The 1,368,013,540 domestic shares held by Shenzhen Dasheng are charged by Shenzhen Dasheng in favour of a third party as security for a loan, and the loan amount is for Shenzhen Dasheng's own use.

(2) The 980,986,460 domestic shares are charged by Zhenjiang Runde in favour of a third party as security for a loan, and the loan amount is for Zhenjiang Runde's own use.

(3) On 27 October 2016, the Company, Shenzhen Dasheng and Zhenjiang Runde entered into a share subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue and Shenzhen Dasheng and Zhenjiang Runde have conditionally agreed to subscribe for 450,000,000 and 550,000,000 domestic shares of the Company, respectively. The subscription was completed on 27 February 2017.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDER

Save as disclosed in the section headed "Connected Transactions and Continuing Connected Transaction" in this report, no contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiaries during the year ended 31 December 2016.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales and purchases for the year attributable to the Group's major customers and suppliers are as follows:

Sales	
– the largest customer	9.59%
– five largest customers combined	34.99%
Purchases	
– the largest supplier	9.98%
– five largest suppliers combined	38.42%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers or suppliers.

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 such right during the year ended 31 December 2016.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2016.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTION

During the year, the Group had the following connected transactions and continuing connected transaction.

Connected Transactions

Subscription of Shares

On 29 July 2015, the Company and Shenzhen Dasheng entered into a share subscription agreement pursuant to which the Company has conditionally agreed to allot and issue and Shenzhen Dasheng has conditionally agreed to subscribe for 1,500,000,000 H shares at a price of not less than HK$0.8 per share. As Shenzhen Dasheng is a substantial shareholder of the Company and therefore a connected person of the Company, the subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The subscription was approved at the extraordinary general meeting on 16 November 2015 and was completed on February 2016.

On 27 October 2016 and 11 November 2016, the Company, Shenzhen Dasheng and Zhenjiang Runde Equity Investment Fund Ltd.* ("Zhenjiang Runde") entered into a subscription agreement and supplemental subscription agreement, respectively. Pursuant to these agreements, the Company has conditionally agreed to allot and issue and Shenzhen Dasheng and Zhenjiang Runde conditionally agreed to subscribe for an aggregate of 1,000,000,000 domestic shares of the Company at a subscription price of not less than RMB0.5708 per share. As each of Shenzhen Dasheng and Zhenjiang Runde is a substantial shareholder of the Company and therefore a connected person of the Company, the subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The subscription was approved at the extraordinary general meeting on 20 January 2017 and was completed on February 2017.

Acquisition of equity interest and increase in capital contribution in Ever Fortune

On 8 January 2016, the Group (as purchaser), entered into a sale and purchase agreement with Crown Castle Limited (as vendor) in relation to the acquisition of additional 12.5% equity interests of the Company's then 53% owned subsidiary, Ever Fortune Financial Leasing Co., Ltd. ("Ever Fortune"), at a consideration of RMB25 million. At the same date, the Group entered into a joint venture agreement among Shenzhen Yong Hui Ju Investment Consultation Co., Ltd* ("SZ Yonghuiju") and the vendor to agree the capital injection to Ever Fortune. Pursuant to the joint venture agreement, the Group agreed to invest RMB234 million in cash to Ever Fortune. Since the vendor will not inject any capital, the shareholding of the Group to Ever Fortune will increase to 73% after the acquisition of 12.5% equity interests and capital injection.

SZ Yonghuiju and the vendor both are substantial shareholders of Ever Fortune, an indirect non wholly-owned subsidiary of the Company. Accordingly, SZ Yonghuiju and the vendor both are connected persons of the Company at subsidiary level. The transactions under the sale and purchase agreement and the joint venture agreement constitute connected transactions of the Company at the subsidiary level under the Listing Rules. The acquisition and capital injection was subsequently completed on March 2016. Details of which are set out in the announcements of the Company dated 8 January 2016 and 15 March 2016.

Continuing Connected Transactions

Finance Lease Agreements

On 30 December 2015, Ever Fortune, an indirect non-wholly owned subsidiary of the Company, entered into the finance lease agreements with Nanjing Dasheng Vegetable Production Co., Ltd. ("Nanjing Dasheng Vegetable"), an indirectly non-wholly owned subsidiary of Shenzhen Dasheng, pursuant to which, Ever Fortune has conditionally agreed to purchase and lease back the assets to Nanjing Dasheng Vegetable for a consideration of RMB18,000,000 and Nanjing Dasheng Vegetable has conditionally agreed to sell and lease from Ever Fortune the assets for a term of 3 years. As Nanjing Dasheng Vegetable is an indirect non-wholly owned subsidiary of Shenzhen Dasheng, a substantial shareholder of the Company, which in turn is indirectly 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, Nanjing Dasheng Vegetable is an associate of Shenzhen Dasheng, Mr. Lan Huasheng and Mr. Lu Tingfu. Nanjing Dasheng Vegetable is thus a connected person to the Company. As such, the finance lease agreements constitute continuing connected transactions for the Company. Relevant details were set out in the announcement of the Company dated 30 December 2015.

On 26 January 2016, Ever Fortune entered into the finance lease agreements with Nanjing Dasheng Modern Agriculture Holdings Co., Limited* ("Nanjing Dasheng"), an indirectly non-wholly owned subsidiary of Shenzhen Dasheng, pursuant to which, Ever Fortune has conditionally agreed to purchase and lease back the assets to Nanjing Dasheng for a consideration of RMB25,000,000 and Nanjing Dasheng has conditionally agreed to sell and lease from Ever Fortune the Assets for a term of one year. As Nanjing Dasheng is an indirect non-wholly owned subsidiary of Shenzhen Dasheng, Nanjing Dasheng is an associate of Shenzhen Dasheng, Mr. Lan Huasheng and Mr. Lu Tingfu. Nanjing Dasheng is thus a connected person to the Company. As such, the finance lease agreements constitute continuing connected transactions for the Company. Relevant details were set out in the announcement of the Company dated 26 January 2016.

On 26 December 2016, Shanghai Runtong Industrial and Investment Co., Limited* ("Shanghai Runtong") and Ever Fortune (Xiamen) Financial Leasing Co., Ltd. ("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 a consideration of RMB9,800,000 and Nanjing Dasheng has conditionally agreed to lease and purchase from Ruiying (Xiamen) the asset for a term of three years. 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. Relevant details were set out in the announcement of the Company dated 26 December 2016.

Construction Contract

On 29 December 2016, Nantong Road and Bridge Engineering Co., Ltd.* ("Nantong Road and Bridge"), a non-wholly owned subsidiary of the Company, entered into a construction contract with Nanjing Dasheng for the provision of construction services by Nantong Road and Bridge to Nanjing Dasheng at a fee of RMB83,600,000. The construction services should be completed within 120 days. Nanjing Dasheng is a non-wholly owned subsidiary of Shenzhen Dasheng and is therefore an associate of Shenzhen Dasheng, Mr. Lan Huasheng and Mr. Lu Tingfu. As such, Nanjing Dasheng is a connected person to the Company and the construction contract constitutes continuing connected transaction for the Company. Relevant details were set out in the announcement of the Company dated 29 December 2016.

Confirmations on Continuing Connected Transactions

The independent non-executive directors have reviewed the continuing connected transaction set out above pursuant to the Listing Rule 14A.55 and have confirmed that the continuing connected transactions have been entered into (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties; and (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Company and the shareholders as a whole.

BDO Limited, the Company's external auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740, Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the HKICPA. BDO Limited has issued its unqualified report containing its findings and conclusions in respect of the continuing connected transaction disclosed above in accordance with Rule 14A.56 of the Listing Rules. The auditor's letter confirmed that nothing has come to their attention that causes them to believe that the aforesaid continuing connected transactions (i) have not been approved by the Company's board of directors; (ii) were not entered into, in all material respects, in accordance with the pricing policy of the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transaction; and (iv) the amount exceeded the annual cap being set in the relevant announcements of the Company.

RELATED PARTIES TRANSACTIONS

A summary of related party transactions entered into by the Group during the year ended 31 December 2016 are disclosed in note 38 to the financial statements. Other than the transactions disclosed in the section headed "Connected Transactions and Continuing Connected Transaction" above, none of these related party transactions constitutes a discloseable connected transaction under Chapter 14A of the Listing Rules.

STAFF AND REMUNERATION POLICY

The Group staff functions were analysed as follows:

	Number of staff	
	2016	2015
Functions:		
Management	**82**	77
Sales and marketing	**65**	28
Accounting and finance	**48**	42
Administration and human resources	**39**	32
Legal	**8**	2
Information system	**1**	4
Technical and quality control	**22**	89
Shipping and transportation	**Nil**	3
Storage centre	**11**	13
Civil Engineer	**161**	39
Construction workers	**52**	86
Total	**489**	415

As at 31 December 2016, the Group had 489 staff (2015: 415 staff). Employees are remunerated 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. The annual staff costs (including directors) amounted to approximately RMB70,654,000 (2015: RMB57,872,000).

The Group did not have a record of significant labour dispute or strike which has disrupted daily operations. The Directors regarded that the relationship with the staff were excellent.

ENVIRONMENTAL POLICIES

The Group is committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources.

The "Environmental, Social and Governance Report" required by the Listing Rules will be published separately on the websites of the Stock Exchange by the Company within three months from the date of publication of this annual report and which will set out the performance of the Group in the environmental and social aspects during the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's business. The following are the key risks and uncertainties identified by the Group.

Macro-Control Risk

The Company's operating income mainly comes from such trading business as sale of fuel oil, chemical fertilizers and agricultural products. These products are cyclic and are sensitive to macro-economy, cyclic changes of regional and global economy, the changes of the production capacity and output, demand of consumers, prices and supply of the raw materials, as well as prices and supply of the alternative products, which will have an impact on the Company's operations. Economic fluctuations also directly affect the demand for energy products including fuel oil, in particular, the Company's operating results will be affected by economic downturn.

Market Competition Risk

The Company continues to expand its trading business of petrochemical products. However, the Company has a long distance to catch up with certain major domestic petroleum and petrochemical companies with integrated operation of exploration, production and sales in terms of scale of operation, profitability, resource reserves, sales terminals, crude oil import and export rights and industrial chain extension. In December 2006, the government promulgated the Administrative Measure on the Crude Oil Market (《原油市場管理辦法》) and the Administrative Measures on the Petroleum Products Market (《成品油市場管理辦法》). With gradual opening of the domestic petroleum and petrochemical market, the Company will face strong competition from domestic and foreign petroleum and petrochemical enterprises in many business areas.

Price Fluctuation Risk

The Company is mainly engaged in commodities trading of fuel oil, chemical fertilizers and agricultural products etc. In recent years, the international crude oil price significantly fluctuates due to various factors. According to the Administrative Measures for Crude Oil Prices (Trial) (《石油價格管理辦法(試行)》) implemented on 7 May 2009, the formation mechanism of domestic petroleum products price has a further tendency towards marketization, but is still properly managed by the government. Therefore, fluctuations in international crude oil price and fluctuations in domestic oil price may affect the Company's operating conditions, and have an impact on the operating results.

Industry Expansion Risk

The Company will continue to expand its business to financial services in the agricultural business sector, and will accelerate its business expansion mainly by way of acquisition or joint venture, which will bring significant challenges for the Company's resources and the management ability of group companies. If the Company cannot effectively address the uncertainties caused by the expansion activities, the Company's business profitability may be adversely affected.

Financial Risk

The principal financial risks are set out in Note 39 to the consolidated financial statements headed "FINANCIAL INSTRUMENTS – RISK MANAGEMENT AND FAIR VALUE".

COMPETING INTERESTS

None of the Directors or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, nor has any other conflict of interest with the Group.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions arising out of corporate activities against the Directors and officers of the Group. The permitted indemnity provision is in force for the benefit of the Directors as required by the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

COMPLIANCE WITH THE LAWS AND REGULATIONS

The Company is a company established in China and the H shares of which are listed on the Stock Exchange. The Group's operations are mainly carried out by the Company's subsidiaries in China and in Hong Kong. Accordingly, the Group should comply with various applicable laws and regulations in China and Hong Kong. During the year ended 31 December 2016, as far as the Company is aware, there was no material breach or non-compliance with the relevant laws and regulations by the Group that has a significant impact on our business and operation.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules as of the date of this annual report.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events occurred subsequent to 31 December 2016 and up to the date of this report are set out in note 41 to the financial statements.

AUDITOR OF THE COMPANY

The financial statements for the year ended 31 December 2016 have been audited by BDO Limited who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution to re-appoint BDO Limited and to authorize the Directors to fix their remuneration will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Lan Huasheng
Chairman

Shanghai, PRC, 13 March 2017

Independent Auditor's Report

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF SHANGHAI DASHENG AGRICULTURE FINANCE TECHNOLOGY CO., LTD.
(incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Shanghai Dasheng Agriculture Finance Technology Co., Ltd. (the "Company") and its subsidiaries (together the "Group") set out on pages 56 to 134, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Key audit matter

Determining whether the Group is acting as a principal or as an agent in the sale of petrochemical and agricultural products requires the directors to exercise judgement and to take into consideration all relevant facts and circumstances. The Group is acting as a principal only when it has exposure to the significant risks and rewards associated with the sale of goods. The directors assess whether the Group is acting as a principal or as an agent by reviewing all the underlying contracts and the substance of each sale transaction.

During the year ended 31 December 2016, the Group recognised RMB13,598,000 of agency service income that is presented on a net basis and RMB13,008,901,000 of trading income that is presented on a gross basis.

Refer to notes 4(p) and 6 to the consolidated financial statements on page 79 and page 87 to 89.

Our response:

Our audit procedures in relation to the directors' assessment of whether the Group is acting as a principal or as an agent in the trading of petrochemical and agricultural products included:

– Enquiring with the directors about the business model of trading in petrochemical and agricultural products and the substance of those sales transactions;

– Reviewing key terms in the underlying documentation, including sales and purchase contracts, on a sample basis, to determine whether the Group has exposure to significant risks and rewards associated with the sale of petrochemical and agricultural products; and

– Interviewing key customers and suppliers, to confirm our understanding from enquiries with directors about the business model and the substance of those sales transactions.

KEY AUDIT MATTERS *(continued)*

Impairment assessment of goodwill and construction license

Key audit matter

As at 31 December 2016, the Group had goodwill and a construction license intangible asset in aggregate amounting to RMB16,930,000 and RMB 131,266,000 respectively, which were allocated to a cash generating unit in the road and bridge construction segment. These assets are tested for impairment annually.

The directors concluded that there is no impairment in respect of goodwill and construction license. This conclusion was based on the recoverable amount of the cash generating unit, determined using a value in use calculation, that involved significant judgement and assumptions with respect to the pre-tax discount rate and underlying cash flows, in particular the future revenue growth.

Refer to notes 4(d) and 19 to the consolidated financial statements on page 69 and page 100 to 101.

Our response:

Our audit procedures in relation to the directors' impairment assessment included:

– Assessing the reasonableness of discount rate and growth rates applied in determining the recoverable amount;

– Challenging the reasonableness of other key assumptions based on our knowledge of the business and industry; and

– Checking input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets.

KEY AUDIT MATTERS *(continued)*

Determination of acquisition-date fair value of intangible asset acquired in a business combination

Key audit matter

In July 2016, the Group completed the acquisition of Shanghai Kaiyi Corporate Management Consultancy Co., Limited ("Kaiyi"). The principal identifiable asset of Kaiyi acquired by the Group represents an intangible asset relating to the payment business license. Such intangible asset is of indefinite useful life and was recognised in the Company's consolidated statement of financial position as at 31 December 2016, and was measured at its acquisition-date fair value amounted to approximately RMB225,786,000. The determination of acquisition-date fair value of the intangible asset requires significant management judgement and assumptions with respect to the discount rate and the underlying cash flows.

Refer to note 34 to the consolidated financial statements.

Our response:

Our audit procedures in relation to the determination of acquisition-date fair value of the intangible asset included:

– Assessing the reasonableness of the valuation approach used and the discount rate applied in determining the fair value;

– Assessing the reasonableness of key assumptions based on our knowledge of the business and industry; and

– Checking input data to supporting evidences, such as cash flows projection, and considering their reasonableness.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants

Lee Ka Leung, Daniel
Practising Certificate Number P01220

Hong Kong, 13 March 2017

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
Turnover	6	**14,364,866**	8,223,074
Cost of sales		**(13,765,328)**	(7,721,024)
Gross profit		**599,538**	502,050
Other income and gains	7	**27,135**	70,356
Distribution costs		**(10,651)**	(11,722)
Administrative expenses		**(122,500)**	(120,481)
Share of profits of associates	20	**2,166**	2,680
Finance costs	8	**(46,015)**	(60,396)
Profit before income tax expense	9	**449,673**	382,487
Income tax expense	12	**(105,064)**	(98,305)
Profit for the year		**344,609**	284,182
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(58)**	(147)
Fair value changes of available-for-sale investments		**6,750**	–
Total comprehensive income for the year		**351,301**	284,035
Profit for the year attributable to:			
– Owners of the Company		**307,082**	247,449
– Non-controlling interests		**37,527**	36,733
		344,609	284,182
Total comprehensive income for the year attributable to:			
– Owners of the Company		**311,952**	247,302
– Non-controlling interests		**39,349**	36,733
		351,301	284,035
			(Restated)
Earnings per share (expressed in RMB per share) *(note)*			
– Basic	13	**0.043**	0.057
– Diluted	13	**0.043**	0.057

Note: Basic and diluted earnings per share for the year ended 31 December 2015 have been restated for the impact of the bonus issue of shares by the Company on 19 September 2016.

Consolidated Statement of Financial Position

As at 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
Assets			
Non-current assets			
Payments for leasehold land held for own use under operating leases	*15*	**8,926**	9,123
Property, plant and equipment	*16*	**112,178**	99,641
Construction in progress	*17*	**–**	1,874
Investment properties	*18*	**21,317**	17,045
Intangible assets	*19*	**446,462**	148,284
Interests in associates	*20*	**93,389**	65,260
Available-for-sale financial assets	*21*	**14,050**	5,800
Trade and other receivables	*23*	**925,418**	723,032
Deferred tax assets	*29*	**11,502**	24,076
Total non-current assets		**1,633,242**	1,094,135
Current assets			
Inventories	*22*	**49,541**	33,028
Trade and other receivables	*23*	**6,067,854**	4,548,858
Amounts due from customers for contract work	*24*	**28,185**	24,826
Restricted bank deposits	*25*	**419,855**	251,375
Cash and cash equivalents		**1,225,884**	362,577
		7,791,319	5,220,664
Assets classified as held for sale	*26*	**–**	7,827
Total current assets		**7,791,319**	5,228,491
Total assets		**9,424,561**	6,322,626
Liabilities			
Current liabilities			
Trade and other payables	*27*	**4,162,742**	3,347,999
Amounts due to customers for contract work	*24*	**35,202**	69,516
Borrowings	*28*	**1,707,746**	1,021,200
Current tax liabilities		**85,943**	73,553
Total current liabilities		**5,991,633**	4,512,268
Net current assets		**1,799,686**	716,223
Total assets less current liabilities		**3,432,928**	1,810,358

	Notes	2016 RMB'000	2015 RMB'000
Non-current liabilities			
Borrowings	28	–	31,667
Deferred tax liabilities	29	**70,606**	31,431
Total non-current liabilities		**70,606**	63,098
Total liabilities		**6,062,239**	4,575,366
NET ASSETS		**3,362,322**	1,747,260
Capital and reserves attributable to owners of the Company			
Share capital	30	**763,308**	305,432
Reserves		**2,308,553**	1,174,281
Equity attributable to owners of the Company		**3,071,861**	1,479,713
Non-controlling interests	33	**290,461**	267,547
TOTAL EQUITY		**3,362,322**	1,747,260

On behalf of the Board

Lan Huasheng
Director

Mo Luojiang
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Share capital RMB'000	Capital reserve *(note 31(a))* RMB'000	Statutory reserve fund *(note 31(b))* RMB'000	Other reserve *(note 31(c))* RMB'000	Currency translation reserve *(note 31(d))* RMB'000	Available-for-sale investments reserve *(note 31(f))* RMB'000	Retained earnings *(note 31(e))* RMB'000	Equity attributable to owners of the Company RMB'000	Non-controlling interests *(note 33)* RMB'000	Total RMB'000
Balance at 1 January 2015	140,429	174,956	112,404	17,912	(7,663)	–	454,558	892,596	134,934	1,027,530
Profit for the year	–	–	–	–	–	–	247,449	247,449	36,733	284,182
Exchange differences on translating foreign operations	–	–	–	–	(147)	–	–	(147)	–	(147)
Total comprehensive income for the year	–	–	–	–	(147)	–	247,449	247,302	36,733	284,035
2014 final dividends paid *(note 14)*	–	–	–	–	–	–	(50,905)	(50,905)	–	(50,905)
Rights issue *(note 30(a)(i))*	63,192	327,528	–	–	–	–	–	390,720	–	390,720
Bonus issue *(note 30(a)(ii))*	101,811	(101,811)	–	–	–	–	–	–	–	–
Acquisition of a subsidiary *(note 35)*	–	–	–	–	–	–	–	–	47,421	47,421
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	56,000	56,000
Transfer to statutory reserve fund	–	–	21,103	–	–	–	(21,103)	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(7,541)	(7,541)
Balance at 31 December 2015 and 1 January 2016	**305,432**	**400,673**	**133,507**	**17,912**	**(7,810)**	**–**	**629,999**	**1,479,713**	**267,547**	**1,747,260**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**307,082**	**307,082**	**37,527**	**344,609**
Exchange differences on translating foreign operations	**–**	**–**	**–**	**–**	**(58)**	**–**	**–**	**(58)**	**–**	**(58)**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**4,928**	**–**	**4,928**	**1,822**	**6,750**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(58)**	**4,928**	**307,082**	**311,952**	**39,349**	**351,301**
2015 final dividends paid *(note 14)*	**–**	**–**	**–**	**–**	**–**	**–**	**(76,630)**	**(76,630)**	**–**	**(76,630)**
Placing of share *(note 30(a)(iii))*	**203,440**	**1,148,142**	**–**	**–**	**–**	**–**	**–**	**1,351,582**	**–**	**1,351,582**
Bonus issue *(note 30(a)(iv))*	**254,436**	**(254,436)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Acquisition of a subsidiary *(note 34)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**48,504**	**48,504**
Capital injection from non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**70,800**	**70,800**
Derecognition of non-controlling interests on deem disposal of a non-wholly owned subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(9,002)**	**(9,002)**
Acquisition of additional equity interests in subsidiary *(note 33)*	**–**	**–**	**–**	**–**	**–**	**–**	**5,244**	**5,244**	**(119,197)**	**(113,953)**
Transfer to statutory reserve fund	**–**	**–**	**18,531**	**–**	**–**	**–**	**(18,531)**	**–**	**–**	**–**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(7,540)**	**(7,540)**
Balance at 31 December 2016	**763,308**	**1,294,379**	**152,038**	**17,912**	**(7,868)**	**4,928**	**847,164**	**3,071,861**	**290,461**	**3,362,322**

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
Cash flows from operating activities			
Profit before income tax expense		**449,673**	382,487
Adjustments for:			
Dividend income		**(1,000)**	(1,500)
Interest income		**(8,411)**	(10,111)
Finance costs		**46,015**	60,396
Gain on bargain purchase	35	**–**	(475)
Amortisation of intangible assets		**43**	29
Amortisation of payments for leasehold land held for own use under operating leases		**197**	209
Depreciation of property, plant and equipment		**10,387**	10,063
Loss/(gain) on disposal of property, plant and equipment, net		**84**	(1,800)
Loss on remeasurement of assets ceased to be classified as held for sales		**2,417**	–
Depreciation of investment properties		**1,144**	910
Share of profits of associates		**(2,166)**	(2,680)
Reversal of impairment loss on trade and other receivables, net		**30,460**	(48,665)
Operating profit before working capital changes		**528,843**	388,863
(Increase)/decrease in inventories		**(15,989)**	161,312
Increase in trade and other receivables		**(1,637,245)**	(1,872,833)
Increase in trade and other payables		**345,258**	1,392,865
(Increase)/decrease in amounts due from/(to) customers for contract work		**(27,609)**	25,469
Cash (used in)/generated from operations		**(806,742)**	95,676
Interest paid		**(56,079)**	(68,012)
Income taxes paid		**(98,451)**	(82,745)
Net cash used in operating activities		**(961,272)**	(55,081)
Cash flows from investing activities			
Purchase of intangible asset		**(431)**	–
Purchase of held-to-maturity financial asset		**(61,000)**	–
Purchase of property, plant and equipment and construction in progress		**(7,482)**	(30,670)
Proceeds from disposal of property, plant and equipment		**102**	2,784
Decrease in restricted bank deposits		**74,440**	41,667
Interest received		**8,411**	10,111
Acquisition of subsidiaries, net of cash acquired	34, 35	**(31,437)**	(40,591)
Acquisition of an associate		**(26,600)**	(30,000)
Purchases of an available-for-sale investment		**(1,500)**	(5,000)
Dividends received from available-for-sale financial assets		**1,000**	1,500
Deemed disposal of a non-wholly owned subsidiary		**(10,004)**	–
Loan to an independent third party		**–**	(92,976)
Deposits for acquisition of subsidiary		**–**	(30,000)
Net cash used in investing activities		**(54,501)**	(173,175)

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
Cash flows from financing activities			
Capital injection from non-controlling interests		**70,800**	31,000
New borrowings		**1,945,388**	1,166,700
Repayment of borrowings		**(1,290,509)**	(1,050,866)
Advances from independent third parties		**–**	1,148
Proceeds from placing and subscription of shares		**1,351,582**	–
Proceeds from rights issue		**–**	390,720
Acquisition of non-controlling interests		**(113,953)**	–
Dividends paid to owners of the Company		**(76,630)**	(50,905)
Dividends paid to non-controlling interests		**(7,540)**	(7,541)
Net cash generated from financing activities		**1,879,138**	480,256
Net increase in cash and cash equivalents		**863,365**	252,000
Cash and cash equivalents at beginning of year		**362,577**	110,724
Effect of exchange rate changes on cash and cash equivalents		**(58)**	(147)
Cash and cash equivalents at end of year		**1,225,884**	362,577

Notes to the Financial Statements

For the year ended 31 December 2016

1. GENERAL

Shanghai Dasheng Agriculture Finance Technology Co., Ltd. (the "Company") and its subsidiaries (together as the "Group") are principally engaged in road and bridge construction, trading of petrochemical and agricultural products and financial services in the People's Republic of China (the "PRC"). Its parent is Shenzhen Dasheng Agricultural Group Co., Ltd. and its ultimate parent is Shenzhen Qianhai Dasheng Equity Investment Fund Co., Ltd., both are incorporated in the PRC. Its ultimate controlling party is Mr. Lan Huasheng, an executive director of the Group. For the road and bridge construction business, the Group has construction contract tier-one qualification and municipal utility contract tier-one qualification. The Group also offers "one-stop" solutions to customers ranging from procurement, storage and delivery of petrochemical and agricultural products. The Group's petrochemical and agricultural products supply chain service geographically covers the downstream region of the Yangtze River and some inland provinces. The financial services that the Group provided include financial leasing and commercial factoring. The Group provides provision of software related services, including installation and technical support of payment platform systems.

The Company is a joint stock limited company incorporated in the PRC. The address of the Company's registered office is 706 Renhe Building, No. 2056 Pudong Road, Pudong New Area, Shanghai, the PRC. Its principal place of business is located at 10-11/F, Building G, Gateway International Plaza, No 327 Tian Yao Qiao Road, Xuhui District, Shanghai, PRC.

On 4 January 2016, the name of the Company was changed from Shanghai Tonva Petrochemical Co., Ltd. to Shanghai Dasheng Agriculture Finance Technology Co., Ltd..

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 January 2016

In the current year, the Group has for the first time applied the following new amendments issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2016.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

The adoption of new/revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") has no material impact on the Group's financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS15) [2]
HKFRS 16	Leases[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted

Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(continued)*

HKFRS 9 – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts and related interpretations".

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(continued)*

HKFRS 15 – Revenue from Contracts with Customers *(continued)*

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments HKFRS 15 – Revenue from Contracts with Customers

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(continued)*

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group has already commenced an assessment of the impact of adopting the above new/revised standards and amendments to the Group and is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Group also prepares consolidated financial statements in accordance with the generally accepted accounting principles in the People's Republic of China (the "PRC GAAP") for statutory filing purpose. As there are differences between HKFRSs and PRC GAAP, there may be discrepancies in the Group's financial position and results as presented in the consolidated financial statements prepared under HKFRSs and in those prepared under PRC GAAP.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis, except for certain available-for-sale investments which are measured at fair values as explained in the accounting policies set in note 4 below and non-current assets classified as held for sale which are measured at the lower of their carrying amounts and fair value less costs to sell immediately prior to being classified as held for sale in accordance with the Group's accounting policy.

(c) Functional and presentation currency

The financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Contingent consideration balances arising from business combinations whose acquisition dates preceded 1 January 2010 (i.e. the date the Group first applied HKFRS 3 (2008)) have been accounted for in accordance with the transition requirements in the standard. Such balances are not adjusted upon first application of the standard. Subsequent revisions to estimates of such consideration are treated as adjustments to the cost of these business combinations and are recognised as part of goodwill.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Business combination and basis of consolidation *(continued)*

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (1) power over the investee, (2) exposure, or rights, to variable returns from the investee, and (3) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

In the Company's statement of financial position, investments in associates are carried at cost less impairment losses, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year. The financial statements of the Group's associates are prepared using uniform accounting policies with the Group.

(d) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount (see note 4(s)), and whenever there is an indication that the unit may be impaired.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Goodwill *(continued)*

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use ("VIU") (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Buildings	20 to 42 years
Leasehold improvement	over the lease term
Machinery	5 to 10 years
Storage facilities	12 to 20 years
Furniture, fixtures and testing equipment	5 to 10 years
Transportation facilities	2 to 20 years

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Property, plant and equipment *(continued)*

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(f) Payments for leasehold land held for own use under operating leases

Payments for leasehold land held for own use under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost less any impairment loss and are amortised over the period of the lease on a straight-line basis as an expense.

(g) Investment properties

Investment properties are properties held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Depreciation is charged so as to write off the cost of investment properties net of expected residual value over the estimated useful live using straight-line method. The useful live, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

(h) Intangible assets (other than goodwill)

(i) Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. The amortisation expense is recognised in profit or loss and included in administrative expenses. Amortisation is provided on a straight-line basis over their useful lives as follows:

Construction licence	Indefinite
Payment business licence	Indefinite
Computer software	5 years

Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Intangible assets (other than goodwill) *(continued)*

(ii) Impairment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see note 4(s)).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount; however, the carrying amount should not be increased above the lower of its recoverable amount and the carrying amount that would have resulted had no impairment loss been recognised for the asset in prior years. All reversals are recognised in the income statement immediately.

(i) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

Held-to-maturity investments

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Financial instruments *(continued)*

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; or
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables or held-to-maturity investments

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Financial instruments *(continued)*

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred.

The Group's financial liabilities at amortised cost, including trade and other payables, borrowings and other monetary liabilities, are initially recognised at fair value, net of directly attributable transaction costs incurred, and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue".

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets, which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the contract cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(l) Inventories

The Group's inventories represent petrochemical and agricultural products for resale, asphalt for construction and other construction materials. They are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of petrochemical and agricultural products for resale is calculated using the first-in first-out method, while the cost of asphalt for construction and other construction materials is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(m) Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts for variation orders, claims and incentive payments. Contract costs comprise direct materials, costs of subcontracting, direct labour and an appropriate portion of variable and fixed construction overheads.

When the outcome of a construction contract can be estimated reliably, revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of reporting period.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that will probably be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as "amounts due to customers for contract work".

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as "amounts due from customers for contract work".

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed of during the year are included in profit or loss up to the date of disposal.

If an entity cease to classify the asset (or disposal group) as held for sale, the entity shall measure a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

- its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale, and
- its recoverable amount at the date of the subsequent decision not to sell.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Non-current assets held for sale *(continued)*

The entity shall include any required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale in profit or loss from continuing operations in the period in which the criteria are no longer met. Financial statements for the periods since classification as held for sale shall be amended accordingly if the disposal group or non-current asset that ceases to be classified as held for sale is a subsidiary, joint operation, joint venture, associate, or a portion of an interest in a joint venture or an associate. The entity shall present that adjustment in the same caption in the statement of comprehensive income used to present a gain or loss, if any.

If an entity removes an individual asset or liability from a disposal group classified as held for sale, the remaining assets and liabilities of the disposal group to be sold shall continue to be measured as a group only if the group meets the criteria. Otherwise, the remaining non-current assets of the group that individually meet the criteria to be classified as held for sale shall be measured individually at the lower of their carrying amounts and fair values less costs to sell at that date. Any non-current assets that do not meet the criteria shall cease to be classified as held for sale.

(o) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(p) Revenue recognition

Revenue from individual construction contracts is recognised under the percentage of completion method, when the contract has progressed to a stage where the stage of completion and expected profit on the contract can be reliably determined and, depending on the nature of the contract, is measured mainly by reference to (a) the amount of work certified by site engineer; or (b) completion of physical proportion of the contract work. Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customers and are capable of being reliably measured. Anticipated losses are fully provided on contracts when identified.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Revenue recognition *(continued)*

Revenue from construction consulting services income is recognised when the services are rendered and when it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Revenue from rendering of petrochemical products transportation services is recognised upon the completion of services, which generally coincides with the date of receipt of goods by the receivers.

Interest income from finance lease services and commercial factoring services which yield interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Revenue from rendering petrochemical products storage services is recognised in the period the services are provided.

Revenue from rendering agency services for petrochemical and agricultural products and provision of software related services are recognised when the services are rendered.

Rental income under operating leases of investment properties, transportation and storage facilities is recognised on a straight-line basis over the lease term.

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the shareholder's right to receive payment is established.

(q) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Income taxes *(continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

(r) Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, the results of foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as currency translation reserve. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as currency translation reserve.

On disposal of a foreign operation (i.e. disposal involving loss of control over a subsidiary), the cumulative exchange differences recognised in the currency translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over subsidiary, the proportionate share of cumulative exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the currency translation reserve.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- payments for leasehold land held for own use under operating leases;
- property, plant and equipment (except for those classified as held for sale, see note 4(n));
- construction in progress;
- investment properties;
- intangible assets with finite lives; and
- investments in subsidiaries and associates.

If the recoverable amount (i.e. the greater of fair value less costs to sell and VIU) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

VIU is based on the estimated future cash flows expected to be derived from the asset or cash generating unit (see note 4(d)), discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

(t) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in the profit or loss when the services are rendered by the employees.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Employee benefits *(continued)*

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(u) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Related parties *(continued)*

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(v) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(a) Revenue recognition

The Group is acting as a principal when it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. Features that indicate that the Group is acting as a principal include:

(i) the Group has the primary responsibility for providing the goods or services to the customer or for fulfilling the order, for example by being responsible for the acceptability of the products or services ordered or purchased by the customer;

(ii) the Group has inventory risk before or after the customer order, during shipping or on return;

(iii) the Group has latitude in establishing prices, either directly or indirectly, for example by providing additional goods or services; and

(iv) the Group bears the customer's credit risk for the amount receivable from the customer.

The Group is acting as an agent when it does not have exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. One feature indicating that the Group is acting as an agent is that the amount the entity earns is predetermined, being either a fixed fee per transaction or a stated percentage of the amount billed to the customer.

(b) Impairment of goodwill, construction licence and payment business licence

The Group tests annually whether goodwill, construction licence and payment business licence with indefinite useful lives have suffered any impairment in accordance with the Group's accounting policy. The recoverable amounts of cash-generating units have been determined based on VIU calculations. These calculations require the use of estimates (see note 19).

(c) Impairment of trade and other receivables

Management reviews the Group's trade and other receivables at the end of each reporting period to determine whether there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment is the difference between the carrying amount of the assets and the present value of estimated future cash flows, discounted at the original effective interest rate.

If any assumption of the impairment of these receivables had been changed, the amount of impairment changed accordingly.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(d) Construction contracts

Revenue from individual contract is recognised under the percentage of completion method which requires estimation made by management. Anticipated losses are fully provided on contracts when identified. The Group's management estimates the amount of foreseeable losses of construction work based on the estimation prepared for the construction contracts. Because of the nature of the activity undertaken in construction business, the date on which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods.

The Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract revenue. If circumstances arise that may change the original estimates of revenues, costs or extent of progress towards completion, estimates are revised. These revisions may result in increase or decrease in estimated revenues or costs and are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(e) Held-to-maturity financial assets

The Group classifies financial assets as held-to-maturity investments when it has a positive intention and ability to hold the investment to maturity. Directors exercise judgement based on the Group's treasury objective and financial risk management policy to determine whether the financial assets are to be classified as held-to-maturity.

(f) Payment business license

Payment business license is acquired through business combination are capitalised on the consolidated statement of financial position. The payment business license is valued on acquisition using a discounted cash flow methodology and the Company's directors make assumptions and estimates regarding future revenue growth, prices, marketing costs and economic factors in valuing them. These assumptions reflect the directors' best estimates but these estimates involve inherent uncertainties, which may not be controlled by the directors.

Upon acquisition the directors assess the useful economic life of the payment business license. In arriving at the conclusion that payment business license has an indefinite useful life, the directors consider the fact that the Group is expected to hold and support the payment business license for an indefinite period, through spending on agricultural big-data service business and promotional support, which is deducted in arriving at revenue. The payment business license is established over many years and continue to provide considerable economic benefits. The directors also consider factors such as the Group's ability to continue to protect the legal rights that arise from the payment business license indefinitely or the absence of any regulatory, economic or competitive factors that could truncate its live.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(f) Payment business license *(continued)*

A strategic decision to withdraw marketing support from payment business license or the weakening payment business license's appeal through changes in customer preferences might result in the directors concluding that the payment business license's live had become finite. Were intangible assets to be assigned a definite life, a charge would be recorded that would reduce reported profit from operations and reduce the value of the assets reported in the consolidated statement of financial position.

(g) Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and / or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures/discloses below items at fair value:

- Investment property (note 18); and
- Available-for-sale listed equity securities (note 21).

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

6. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

During the year ended 31 December 2016, the chief operating decision maker of the Group considered it was optimistic about the future development and prospect of agricultural big-data services business and acquired new related business during this year (note 34), which was considered to enrich the Group's portfolio in the area of data services business.

The Group now has four reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Road and bridge construction
- Sale of petrochemical and agricultural products (including fuel oil, asphalt, chemical fertilizers, white sugar, palm oil and sorghum)
- Financial leasing and commercial factoring
- Agricultural big-data services – provision of software related services, including installation and technical support of payment platform systems

(a) Operating segments

The operating segments for the year ended 31 December 2016 are as follows:

	Road and bridge construction RMB'000	Sale of petrochemical and agricultural products RMB'000	Financial leasing and commercial factoring RMB'000	Agricultural big-data services RMB'000	Group RMB'000
Reportable segment revenue from external customers *(note (i))*	1,240,554	13,022,499	76,536	25,277	14,364,866
Reportable segment profit	121,859	161,060	45,647	16,043	344,609
Interest income	3,124	2,856	971	1,460	8,411
Finance costs	17,961	27,984	70	–	46,015
Capital expenditures *(note (ii))*	353	7,095	88	377	7,913
Amortisation of intangible assets	31	–	1	11	43
Amortisation of payments for leasehold land held for own use under operating leases	197	–	–	–	197
Depreciation of property, plant and equipment	6,585	3,150	480	172	10,387
Depreciation of investment properties	236	908	–	–	1,144
Loss on disposal of property plant and equipment	84	–	–	–	84
Loss on remeasurement of assets ceased to be classified as held for sales	–	2,418	–	–	2,418
Share of profits of associates	–	1,791	375	–	2,166
Impairment loss on trade and other receivables, net	–	30,460	–	–	30,460
Income tax expense	47,578	39,923	9,444	8,119	105,064
Interests in associates	–	64,083	18,375	10,931	93,389
Reportable segment assets	2,763,822	3,572,530	2,384,374	703,835	9,424,561
Reportable segment liabilities	1,719,913	3,416,160	570,877	355,289	6,062,239

6. SEGMENT INFORMATION *(continued)*

(a) Operating segments *(continued)*

The operating segments for the year ended 31 December 2015 are as follows:

	Road and bridge construction RMB'000	Sale of petrochemical and agricultural products RMB'000	Financial leasing and commercial factoring RMB'000	Group RMB'000
Reportable segment revenue from external customers *(note (i))*	1,263,654	6,956,002	3,418	8,223,074
Reportable segment profit	143,445	138,894	1,843	284,182
Interest income	8,679	1,415	17	10,111
Finance costs	39,244	20,957	195	60,396
Capital expenditures *(note (ii))*	26,423	2,991	1,256	30,670
Amortisation of intangible assets	29	–	–	29
Amortisation of payments for leasehold land held for own use under operating leases	209	–	–	209
Depreciation of property, plant and equipment	4,553	5,480	30	10,063
Depreciation of investment properties	–	910	–	910
(Gain)/loss on disposal of property, plant and equipment	(1,844)	44	–	(1,800)
Gain on bargain purchase	–	475	–	475
Share of profits of associates	–	2,680	–	2,680
Reversal of impairment loss on trade and other receivables, net	30,474	18,191	–	48,665
Income tax expense	44,006	53,848	451	98,305
Interests in associates	–	35,260	30,000	65,260
Reportable segment assets	2,422,567	3,566,942	333,117	6,322,626
Reportable segment liabilities	1,770,510	2,710,004	94,852	4,575,366

Notes:

(i) The revenue from sale of petrochemical and agricultural products included agency services income of RMB13,598,000 (2015: RMB143,462,000) for the year ended 31 December 2016.

(ii) The amounts represent capital expenditure on payments for leasehold land held for own use under operating leases, property, plant and equipment, construction in progress, investment properties and intangible assets.

6. SEGMENT INFORMATION *(continued)*

(b) Information about major customers

There was no customer (2015: one) contributed to 10% or more revenue to the Group's revenue for the year ended 31 December 2016.

	Year ended 31 December 2016 Sale of petrochemical and agricultural products RMB'000	Year ended 31 December 2015 Sale of petrochemical and agricultural products RMB'000
Customer A	**–**	1,208,878

(c) Geographical information

PRC is the country of domicile of the Company.

The Group's revenue from external customers is mainly derived from customers located in the PRC.

All the Group's non-current assets are located in the PRC.

7. OTHER INCOME AND GAINS

	2016 RMB'000	2015 RMB'000
Reversal of impairment loss on trade and other receivables, net *(note 23(f))*	**–**	48,665
Gain on bargain purchase *(note 35)*	**–**	475
Dividend income from available-for-sale financial assets	**1,000**	1,500
Gross rental income from investment properties	**4,855**	1,140
Rental income from machineries	**2,822**	2,508
Interest income	**8,411**	10,111
Government grants	**7,220**	3,043
Gain on disposal of property, plant and equipment	**–**	1,800
Others	**2,827**	1,114
	27,135	70,356

8. FINANCE COSTS

	2016 RMB'000	2015 RMB'000
Interest expense on borrowings	**45,389**	61,595
Interest expense on discounted commercial notes	**1,404**	1,984
Others	**9,286**	4,433
Total finance costs	**56,079**	68,012
Less: amount capitalised *(note)*	**(10,064)**	(7,616)
	46,015	60,396

Note: Borrowing costs capitalised during the year arose on the general borrowings during the year and were calculated by applying a capitalisation rate of approximately 4.35% per annum (2015: 6.1% per annum) to expenditure on qualifying assets.

9. PROFIT BEFORE INCOME TAX EXPENSE

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

	2016 RMB'000	2015 RMB'000
Amortisation of intangible assets	**43**	29
Amortisation of payments for leasehold land held for own use under operating leases	**197**	209
Auditor's remuneration	**2,400**	6,587
Cost of inventories recognised as expenses	**13,060,436**	6,984,665
Depreciation of property, plant and equipment	**10,387**	10,063
Depreciation of investment properties	**1,144**	910
Loss/(gain) on disposal of property, plant and equipment, net	**84**	(1,800)
Loss recognised on transfer of asset from held-for-sale to property, plant and equipment	**2,418**	–
Gain on bargain purchase *(note 35)*	**–**	(475)
Operating lease rental expenses in respect of:		
– Land and buildings	**8,360**	6,642
– Machinery and others	**7,184**	12,525
Direct operating expenses arising from investment properties that generated rental income during the year	**78**	57
Impairment loss/(reversal of impairment loss) on trade and other receivables, net	**30,460**	(48,665)

10. EMPLOYEE COSTS

	2016 RMB'000	2015 RMB'000
Employee costs (including directors) comprise:		
Wages and salaries	**61,242**	50,928
Social security costs	**4,396**	3,282
Contributions on defined contribution retirement plans	**5,016**	3,662
	70,654	57,872

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Directors' and supervisors' emoluments disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622) (the "Ordinance") and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) (the "Regulation") is as follows:

For the year ended 31 December 2016

Name	Fees RMB'000	Basic salaries and allowances RMB'000	Discretionary bonus RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Mr. Lan Huasheng	–	1,040	400	47	1,487
Mr. Wang Liguo	–	783	301	56	1,140
Mr. Mo Luojiang	–	910	350	84	1,344
Non-executive directors					
Mr. Zhu Tianxiang *(note (a))*	–	–	–	–	–
Mr. Chung Cheuk Ming	81	–	–	–	81
Ms. Pan Min *(note(b))*	43	–	–	–	43
Mr. Zhou Jianhao	67	–	–	–	67
Mr. Yang Gaoyu *(note(c))*	24	–	–	–	24
Supervisors					
Ms. Ye Mingzhu	50	–	–	–	50
Ms. Chen Yuanling *(note (d))*	50	–	–	–	50
Mr. Jiang Feng *(note (d))*	36	108	58	56	258
Mr. Lu Tingfu	–	–	–	–	–
Ms. Zhao Liping	36	78	39	57	210
	387	2,919	1,148	300	4,754

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(continued)*

For the year ended 31 December 2015

Name	Fees RMB'000	Basic salaries and allowances RMB'000	Discretionary bonus RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Mr. Lan Huasheng	–	970	81	23	1,074
Mr. Wang Liguo	–	732	–	41	773
Mr. Mo Luojiang	–	840	70	48	958
Non-executive directors					
Mr. Chan Cheuk Wing, Andy *(note (e))*	60	–	10	–	70
Mr. Zhu Tianxiang *(note (a))*	–	–	–	–	–
Mr. Chung Cheuk Ming	67	–	6	–	73
Ms. Pan Min	58	–	6	–	64
Mr. Zhou Jianhao	58	–	6	–	64
Supervisors					
Ms. Ye Mingzhu	56	–	6	–	62
Ms. Chen Yuanling *(note (d))*	25	–	–	–	25
Mr. Jiang Feng *(note (d))*	–	55	11	13	79
Mr. Lu Tingfu	–	–	–	–	–
Ms. Zhao Liping	–	108	9	38	155
	324	2,705	205	163	3,397

Notes:

(a) Appointed in June 2015

(b) Resigned in August 2016

(c) Appointed in August 2016

(d) Appointed in July 2015

(e) Resigned in June 2015

The discretionary bonuses for both years were determined with reference to the performance against corporate objectives, the profits of the Group and the achievement of individual performance targets.

None of the directors or supervisors waived emoluments during the years ended 31 December 2016 and 2015.

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(continued)*

Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, three (2015: three) were directors of the Company whose emoluments are disclosed in above. The emoluments of the remaining two (2015: two) individuals in 2016 were as follows:

	2016 **RMB'000**	2015 RMB'000
Basic salaries and allowances	**1,119**	902
Discretionary bonus	**337**	35
Retirement scheme contributions	**58**	55
	1,514	992

The emoluments of the two (2015: two) non-director individuals in 2016 with the highest emoluments were within the following band:

	2016 **Number of** **individuals**	2015 Number of individuals
Nil to HK$1,000,000	**2**	2

During the years ended 31 December 2016 and 2015, no emoluments were paid by the Group to any of the directors, supervisors or any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

12. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of comprehensive income represents:

	2016 **RMB'000**	2015 RMB'000
Current income tax		
PRC enterprise income tax ("EIT")		
– tax for the year	**119,257**	80,521
– (over)/under provision in respect of prior years, net	**(8,416)**	4,053
Deferred tax *(note 29)*	**(5,777)**	13,731
	105,064	98,305

Profits of subsidiaries established in the PRC are subject to EIT at 25% (2015: 25%). Profits of subsidiaries established in Hong Kong are subject to Hong Kong profits tax of 16.5% (2015: 16.5%).

The income tax expense for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	2016 **RMB'000**	2015 RMB'000
Profit before income tax expense	**449,673**	382,487
Tax calculated at tax rate of 25% (2015: 25%)	**112,418**	95,622
Effect of different tax rates for certain subsidiaries	**(1,239)**	593
Income and expense items that are not subject to tax, net	**4,432**	(3,086)
Tax effect of tax loss not recognised	**114**	1,123
Utilisation of tax losses previously not recognised	**(2,245)**	–
(Over)/under provision in respect of prior years, net	**(8,416)**	4,053
Income tax expense	**105,064**	98,305

13. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2016	2015 (restated)
Profit attributable to owners of the Company (RMB'000)	**307,082**	247,449
Issued ordinary shares at 1 January	**3,054,319,875**	1,404,285,000
Placing and subscription of shares	**2,034,400,000**	–
Rights issue of shares	–	631,928,250
Effect of bonus issue of shares completed on 23 June 2015	–	865,751,321
Effect of bonus issue of shares completed on 19 September 2016	**2,055,546,823**	1,450,982,285
Weighted average number of ordinary shares at 31 December	**7,144,266,698**	4,352,946,856

Diluted earnings per share are equal to basic earnings per share, as there were no potential dilutive ordinary shares issued during the years ended 31 December 2016 and 2015. The denominators used are the same as those detailed above for both basic and diluted earnings per share.

14. DIVIDENDS

	2016 RMB'000	2015 RMB'000
Final, proposed – RMB0.01 per share (2015: RMB0.015)	**86,331**	76,331

On 13 March 2017, the board of directors recommended the payment of a final dividend of RMB0.01 per share (2015: RMB0.015 per share), totalling approximately RMB86,331,000 (2015: approximately RMB76,331,000) for the year ended 31 December 2016. The proposed final dividend is based on the number of issued shares of the Company (i.e. 8,633,079,812 shares) as of the date of the board meeting (i.e. 13 March 2017) determining the final dividend.

Subject to the terms and conditions set out in the placing agreement as disclosed in the circular of the Company dated 5 December 2016 (the "**Placing**"), and on the basis that the placing shares are being placed in full, an aggregate of up to 1,500,000,000 new H Shares will be issued upon completion of the Placing. The Company's number of issued shares will be increased up to 10,133,079,812 shares. If the Placing proceeds and completes before the record date for determining the entitlement of the aforesaid final dividend, the holders of the placing shares will be entitled to the final divided, and that the final dividend will be RMB0.01 per share of the Company, totaling up to approximately RMB101,331,000 based on the number of issued shares of the Company after completion of the Placing (i.e. 10,133,079,812 shares on the assumption that the placing shares are being placed in full).

14. DIVIDENDS *(continued)*

The final dividend for 2016 proposed after the end of the reporting period is subject to shareholders' approval in the forthcoming annual general meeting. The proposed dividends are not reflected as a dividend payable in the financial statements for the year ended 31 December 2016.

There are no income tax consequences related the payment of dividends by the Company to its shareholders.

15. PAYMENTS FOR LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

	RMB'000
2016	
Cost	
At 1 January 2016 and 31 December 2016	**9,957**
Accumulated amortisation	
At 1 January 2016	**834**
Provided for the year	**197**
At 31 December 2016	**1,031**
2015	
Cost	
At 1 January 2015	10,542
Transfer to investment properties *(note 18)*	(585)
At 31 December 2015	9,957
Accumulated amortisation	
At 1 January 2015	711
Provided for the year	209
Transfer to investment properties *(note 18)*	(86)
At 31 December 2015	834
Net book values	
At 31 December 2016	**8,926**
At 31 December 2015	9,123

At 31 December 2016, payments for leasehold land held for own use under operating leases with a net book value of RMB8,042,000 (2015: RMB8,220,000) were pledged as security for certain of the Group's borrowings (note 28(a)).

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvement RMB'000	Machinery RMB'000	Storage facilities RMB'000	Furniture, fixtures and testing equipment RMB'000	Transportation Facilities RMB'000	Total RMB'000
2016							
Cost							
At 1 January 2016	**61,924**	**315**	**19,356**	**9,154**	**25,089**	**11,273**	**127,111**
Additions through business combination *(note 34)*	**8,840**	**–**	**501**	**–**	**100**	**–**	**9,441**
Additions	**738**	**109**	**2,428**	**–**	**2,301**	**158**	**5,734**
Disposals	**–**	**–**	**(710)**	**–**	**(705)**	**–**	**(1,415)**
Revaluation	**4,290**	**–**	**–**	**–**	**29**	**–**	**4,319**
Transfer from construction in progress *(note 17)*	**1,605**	**–**	**–**	**–**	**2,017**	**–**	**3,622**
Transfer to investment properties *(note 18)*	**(5,603)**	**–**	**–**	**–**	**–**	**–**	**(5,603)**
Transfer from assets classified as held for sale *(note 26)*	**–**	**–**	**54**	**5,356**	**–**	**–**	**5,410**
At 31 December 2016	**71,794**	**424**	**21,629**	**14,510**	**28,831**	**11,431**	**148,619**
Accumulated depreciation and impairment loss							
At 1 January 2016	**85**	**227**	**5,163**	**4,914**	**14,562**	**2,519**	**27,470**
Provided for the year	**2,258**	**116**	**2,622**	**338**	**2,817**	**2,236**	**10,387**
Eliminated on disposals	**–**	**–**	**(688)**	**–**	**(541)**	**–**	**(1,229)**
Transfer to investment properties *(note 18)*	**(187)**	**–**	**–**	**–**	**–**	**–**	**(187)**
At 31 December 2016	**2,156**	**343**	**7,097**	**5,252**	**16,838**	**4,755**	**36,441**
2015							
Cost							
At 1 January 2015	8,555	315	33,961	33,217	23,830	8,117	107,995
Additions through business combination *(note 35)*	–	–	–	–	66	501	567
Additions	–	–	941	–	2,168	3,385	6,494
Disposals	(102)	–	(15,413)	–	(1,245)	(730)	(17,490)
Transfer from construction in progress *(note 17)*	60,188	–	–	–	270	–	60,458
Transfer to investment properties *(note 18)*	(6,717)	–	–	–	–	–	(6,717)
Transfer to assets classified as held for sale *(note 26)*	–	–	(133)	(24,063)	–	–	(24,196)
At 31 December 2015	61,924	315	19,356	9,154	25,089	11,273	127,111
Accumulated depreciation and impairment loss							
At 1 January 2015	311	66	17,563	18,475	13,041	1,415	50,871
Provided for the year	460	161	2,498	2,742	2,600	1,602	10,063
Eliminated on disposals	(97)	–	(14,832)	–	(1,079)	(498)	(16,506)
Transfer to investment properties *(note 18)*	(589)	–	–	–	–	–	(589)
Transfer to assets classified as held for sale *(note 26)*	–	–	(66)	(16,303)	–	–	(16,369)
At 31 December 2015	85	227	5,163	4,914	14,562	2,519	27,470
Net book values							
At 31 December 2016	**69,638**	**81**	**14,532**	**9,258**	**11,993**	**6,676**	**112,178**
At 31 December 2015	61,839	88	14,193	4,240	10,527	8,754	99,641

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

At 31 December 2016 and 2015, the following property, plant and equipment of the Group were pledged as security for the Group's borrowings (note 28(a)):

	2016 **RMB'000**	2015 RMB'000
Buildings	**57,977**	–

17. CONSTRUCTION IN PROGRESS

	RMB'000
At 1 January 2015	38,156
Additions	24,176
Transfer to property, plant and equipment *(note 16)*	(60,458)
At 31 December 2015 and 1 January 2016	**1,874**
Additions	**1,748**
Transfer to property, plant and equipment *(note 16)*	**(3,622)**
At 31 December 2016	**–**

The construction in progress mainly relating to the Group's new office in Nantong City, which was completed during the year.

18. INVESTMENT PROPERTIES

	RMB'000
2015	
Cost	
At 1 January 2015	11,403
Transfer from payment for leasehold land held for own use under operating leases *(note 15)*	585
Transfer from property, plant and equipment *(note 16)*	6,717
At 31 December 2015 and 1 January 2016	18,705
Transfer from property, plant and equipment *(note 16)*	5,603
At 31 December 2016	24,308
Accumulated depreciation	
At 1 January 2015	75
Provided for the year	910
Transfer from payment for leasehold land held for own use under operating leases *(note 15)*	86
Transfer from property, plant and equipment *(note 16)*	589
At 31 December 2015	1,660
Provided for the year	1,144
Transfer from property, plant and equipment *(note 16)*	187
At 31 December 2016	2,991
Net book values	
At 31 December 2016	21,317
At 31 December 2015	17,045
Fair value	
At 31 December 2016	40,961
At 31 December 2015	30,943

During the year ended 31 December 2016, the Group changed the usage of one of its office buildings from its own use to earn rental income. As such, the carrying amount of this office building was transferred from property, plant and equipment to investment properties.

The estimated useful life of the investment properties is 20-30 years and one of them with carrying amount of RMB6,631,000 as at 31 December 2015 was pledged to bank to secure the Group's borrowings (note 28(a)).

Fair value is determined by applying income approach by taking into account the net rental incomes of the properties derived from the existing tenants with due allowance for the reversionary income potential of the tenants, which are then capitalised into the values at appropriate capitalisation rates.

The fair value valuation of the investment properties has been carried out by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued.

The investment properties of the Group are measured at cost. The fair value disclosed is categorised as Level 3 valuation (see note 5(g) for details of levels of fair value measurements).

The highest and best use of the investment properties of the Group does not differ from its current use.

19. INTANGIBLE ASSETS

Group	Goodwill RMB'000	Construction licence *(note (a))* RMB'000	Payment business licence *(note (b))* RMB'000	Computer software RMB'000	Total RMB'000
2016					
Cost					
At 1 January 2016	**16,930**	**131,266**	**–**	**823**	**149,019**
Additions through business combination *(note 34)*	**71,057**	**–**	**225,786**	**947**	**297,790**
Additions	**–**	**–**	**–**	**431**	**431**
At 31 December 2016	**87,987**	**131,266**	**225,786**	**2,201**	**447,240**
Accumulated amortisation					
At 1 January 2016	**–**	**–**	**–**	**735**	**735**
Provided for the year	**–**	**–**	**–**	**43**	**43**
At 31 December 2016	**–**	**–**	**–**	**778**	**778**
2015					
Cost					
At 1 January 2015	16,930	131,266	–	819	149,015
Additions through business combination *(note 35)*	–	–	–	4	4
At 31 December 2015	16,930	131,266	–	823	149,019
Accumulated amortisation					
At 1 January 2015	–	–	–	706	706
Provided for the year	–	–	–	29	29
At 31 December 2015	–	–	–	735	735
Net book values					
At 31 December 2016	**87,987**	**131,266**	**225,786**	**1,423**	**446,462**
At 31 December 2015	16,930	131,266	–	88	148,284

Notes:

(a) Construction licence represents construction contract tier-one qualification and municipal utility contract tier-one qualification for road and bridge constructions.

(b) The payment business licence represents qualification for non-bank financial institution to provide third party payment services.

19. INTANGIBLE ASSETS *(continued)*

Impairment tests for goodwill and construction licence

Goodwill of approximately RMB16,930,000 and construction licence are allocated to one of the Group's cash-generating units ("CGUs"), namely road and bridge construction segment.

The recoverable amount of the CGU is determined based on VIU calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated weighted average annual growth rate of 2% (2015: 3%).

The key assumptions used for VIU calculations are as follows:

	2016	**2015**
Weighted average gross margin	**9.7%-13.8%**	11.8%-13.8%
Growth rate	**8%**	5.0%-8.0%
Percentage of working capital over revenue	**41.2%-45.2%**	42.1%-45.5%
Pre-tax discount rate	**20.6%**	12.5%

Management determined weighted average gross margin, weighted average growth rates and percentage of working capital over revenue based on past performance and its expectations for the market development. The discount rate used is pre-tax and reflects specific risks relating to the road and bridge construction segment.

Impairment tests for goodwill and payment business licence

Goodwill of approximately RMB71,057,000 was acquired through business combination during the year ended 31 December 2016 (note 34) and third party payment licence are allocated one of the Group's CGUs, namely agricultural big-data services segment.

The recoverable amount of the CGU is determined based on VIU calculations. These calculation use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the zero annual growth rate.

The key assumptions used for VIU calculations are as follows:

	2016
Weighted average gross margin	**94.5%-94.6%**
Growth rate	**5%-14.8%**
Percentage of working capital over revenue	**22%-23%**
Pre-tax discount rate	**28.7%**

Management determined weighted average gross margin, weighted average growth rates and percentage of working capital over revenue based on past performance and its expectations for the market development. The discount rate used is pre-tax and reflects specific risks relating to the agricultural big-data services segment.

20. INTERESTS IN ASSOCIATES

	2016 **RMB'000**	2015 RMB'000
Share of net assets	**93,389**	65,260

The details of the Group's associates at 31 December 2016 are as follows:

Name	**Place of incorporation and type of legal entity**	**Principal activities and place of operation**	**Registered capital**	**Equity interests held**	
				Directly	**Indirectly**
上海浦東路橋瀝青材料有限公司 Shanghai Pudong Road and Bridge Asphalt-Based Materials Co., Ltd ("Pudong Road and Bridge")	PRC, limited liability company	Asphalt trading in the PRC	RMB30,000,000	49%	–
武漢大通華利船務有限公司 Wuhan Datong Huali Shipping Company Limited ("Wuhan Datong")	PRC, limited liability company	Provision of marine transportation service in the PRC	RMB50,000,000	–	30%
上海伊和旭生融資租賃有限公司 Shanghai Yi He Xu Sheng Financial Leasing Co., Ltd.	PRC, limited liability company	Finance lease business in the PRC	RMB100,000,000	–	30%
瑞盈茂碩融資租賃(深圳)有限公司 Ruiying Maoshuo Finance Lease (Shenzhen) Co., Limited	PRC, limited liability company	Finance lease business in the PRC	RMB200,000,000	–	30%
眉山大生聖豐科技有限公司 Meishan Dasheng Shengfeng Technology Co., Ltd. ("Meishan Dasheng")	PRC, limited liability company	Agricultural big-data service in the PRC	RMB10,000,000	–	49%
鎮江農批數據服務有限公司 Zhenjiang Agricultural Data Service Co., Ltd. ("Zhenjiang Agricultural")	PRC, limited liability company	Agricultural big-data service in the PRC	RMB10,000,000	–	49%
湖洲大生鮮綠多大數據科技有限公司 Huzhou Dasheng Green Mall Big Data Technology Co., Ltd. ("Huzhou Dasheng")	PRC, limited liability company	Agricultural big-data service in the PRC	RMB20,000,000	–	49%

20. INTERESTS IN ASSOCIATES *(continued)*

In the opinion of the directors, the above associates are not material to the Group and the summarised financial information in respect of the Group's share of these associates is set out below:

	2016	2015
	RMB'000	RMB'000
Profits from continuing operations	**2,166**	2,680
Other comprehensive income	**–**	–
Total comprehensive income	**2,166**	2,680

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016	2015
	RMB'000	RMB'000
Listed equity securities, at fair value	**8,250**	–
Unlisted equity securities, at cost	**5,800**	5,800
	14,050	5,800

Listed equity investment represent investment in one listed company in the PRC. It is measured at fair value determined based on its quoted prices in active market at the reporting date. The unlisted equity securities represent investments in two unlisted companies (2015: two) in the PRC. They are measured at cost less impairment, if any, at the end of each reporting period because the directors of the Company are of the opinion that the fair value cannot be measured reliably.

The directors of the Company have no intention to dispose of the available-for-sale financial assets at the end of reporting period.

22. INVENTORIES

	2016	2015
	RMB'000	RMB'000
Petrochemical and agricultural products for resale	**28,306**	2,960
Asphalt for construction	**3,907**	7,036
Other construction materials	**16,851**	23,032
Third party payment services equipments	**477**	–
	49,541	33,028

23. TRADE AND OTHER RECEIVABLES

	2016 RMB'000	2015 RMB'000
Trade receivables	**3,319,113**	4,005,834
Commercial notes receivable	**1,370**	23,216
Retention sum for construction contracts	**558,639**	573,149
Finance lease receivables *(note (a))*	**121,696**	81,646
Factoring loan receivables	**2,221,825**	176,367
Total trade and notes receivables *(note (b))*	**6,222,643**	4,860,212
Prepayments and deposits	**755,508**	312,102
Other receivables *(note (c))*	**49,793**	167,327
Amounts due from associates *(note (d))*	**250**	395
Held-to-maturity financial assets *(note (e))*	**61,000**	–
	7,089,194	5,340,036
Less: Impairment losses *(note (f))*	**(95,922)**	(68,146)
	6,993,272	5,271,890
Classified as:		
Non-current assets	**925,418**	723,032
Current assets	**6,067,854**	4,548,858
	6,993,272	5,271,890

(a) Finance lease receivables

The finance lease receivables as at 31 December 2016 and 2015 are as follows:

	2016			2015		
	Minimum lease payments RMB'000	Unearned finance lease income RMB'000	Present value RMB'000	Minimum lease payments RMB'000	Unearned finance lease income RMB'000	Present value RMB'000
Not later than one year *(note (i))*	**79,017**	**(7,532)**	**71,485**	48,553	(4,165)	44,388
Later than one year and not later than five years	**54,012**	**(3,801)**	**50,211**	39,798	(2,540)	37,258
	133,029	**(11,333)**	**121,696**	88,351	(6,705)	81,646

Note (i): Included in finance lease receivables was an amount of RMB28,784,000 (2015: RMB15,300,000) loaned to related companies, the beneficial owners of which are Mr. Lan Huasheng, who is the director of the Company, and Mr. Lu Tingfu, who is the supervisor of the Company.

23. TRADE AND OTHER RECEIVABLES *(continued)*

(b) Trade and notes receivables

The ageing analysis of trade and notes receivables for road and bridge construction and sale of petrochemical and agricultural products 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 aging analysis are before impairment loss as follows:

	2016 RMB'000	2015 RMB'000
Road and bridge construction *(note (i))*:		
Less than 6 months	**663,618**	1,420,149
6 months to less than 1 year	**465,200**	20,207
1 year to less than 2 years	**623,609**	74,515
2 years to less than 3 years	**220,129**	28,875
3 years and over	**3,382**	17,419
	1,975,938	1,561,165
Sale of petrochemical and agricultural products *(note (ii))*:		
Less than 31 days	**1,470,597**	2,112,061
31 to 60 days	**300,840**	307,869
61 to 90 days	**1,000**	146,224
91 days to less than 1 year	**65,294**	168,523
1 year to less than 2 years	**2,792**	287,824
2 years to less than 3 years	**39,657**	12,659
3 years and over	**12,168**	5,874
	1,892,348	3,041,034
Finance lease and commercial factoring business *(note (iii))*:		
Less than 6 months	**2,143,815**	249,763
6 months to less than 1 year	**138,266**	8,250
Over than 1 year	**61,440**	–
	2,343,521	258,013
Agricultural big-data services *(note (iv))*:		
Less than 6 months	**10,658**	–
6 months to less than 1 year	**178**	–
	10,836	–
	6,222,643	4,860,212

23. TRADE AND OTHER RECEIVABLES *(continued)*

(b) Trade and notes receivables *(continued)*

Note (i):

In respect of road and bridge construction, the credit period is negotiated on individual basis and ranges from 0 day to 3 years.

The ageing analysis of trade receivables relating to road and bridge construction which were past due but not impaired is as follows:

	2016	2015
	RMB'000	RMB'000
Less than 6 months past due	**404,897**	86,223
6 months to less than 1 year past due	**47,072**	16,770
1 year to less than 2 years past due	**148,516**	176,223
2 years to less than 3 years past due	**30,568**	73,663
3 years and over past due	**10,457**	2,457
	641,510	355,336

Substantially all customers of road and bridge construction are PRC government-related corporations which have no recent history of default. The credit quality of trade receivables has been assessed by reference to historical information about the counterparty default rates. The terms of some construction contracts stipulate that the customers withhold a portion of total contract sum (usually 5%) until a specified period (usually 2 years) after completion of the contract.

Note (ii):

For sale of petrochemical and agricultural products, the credit terms granted to individual customers vary on a customer by customer basis which is determined by management with reference to the creditability of respective customers. Normally the credit period ranges from 30 days to 180 days.

The ageing analysis of trade receivables relating to sale of petrochemical and agricultural products which were past due but not impaired is as follows:

	2016	2015
	RMB'000	RMB'000
Less than 91 days past due	**316,939**	147,766
91 days to 1 year past due	**21**	20,756
Over 1 year past due	**19,830**	221,389
	336,790	389,911

The amounts that were neither past due nor impaired relate to a number of independent customers which have no recent history of default. The credit quality of trade receivables has been assessed by reference to historical information about the counterparty default rates.

23. TRADE AND OTHER RECEIVABLES *(continued)*

(b) Trade and notes receivables *(continued)*

Note (iii):

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 one to three 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.

As at 31 December 2016, all the finance lease receivables and commercial factoring loan receivables were neither past due nor impaired. The amounts that were neither past due nor impaired relate to a number of independent customers which have no recent history of default. The credit quality of trade receivables has been assessed by reference to historical information about the counterparty default rates.

Interest rates on the finance lease receivables and commercial factoring loan receivables are offered to customers based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collateral as well as the general economic trends. The effective interest rates charged by the Group are from 4.26% to 13.5% per annum.

As at 31 December 2016, the finance lease receivables in respect of certain machineries are effectively secured by the underlying assets, as the rights to the machineries would be reverted to the Group in the event of default payment. The fair value of such collateral is amounted to approximately RMB223,277,000 (2015: RMB112,830,000). The deposits received from finance lease customers amounted to approximately RMB7,388,000 (2015: RMB5,431,000).

Note (iv):

For agricultural big-data services, the credit period is negotiated on individual basis and ranges from 0 day to 1 year.

(c) Other receivables

Note (i):

As at 31 December 2015, an approximate amount of RMB92,976,000 included in other receivables was the loan to an independent third party and the balance was unsecured, interest-free and repayable on demand. The amount was subsequently settled in February 2016.

Note (ii):

As at 31 December 2015, an deposit of RMB30,000,000 is the investment deposit for the acquisition of an indirect non-wholly owned subsidiary. The acquisition was completed in July 2016 (note 34).

(d) Amounts due from associates and a related company

These amounts are interest-free, unsecured and repayable on demand.

23. TRADE AND OTHER RECEIVABLES *(continued)*

(e) Held-to-maturity financial assets

The amount represented financial instruments with fixed interest of 5.81% per annum and maturity date on 7 December 2019.

(f) Impairment losses

The below table reconciles the impairment loss of trade and other receivables for the year:

	2016 **RMB'000**	2015 RMB'000
At 1 January	**68,146**	123,073
Impairment loss recognised	**30,460**	50,493
Recovery of impairment loss previously recognised	**–**	(99,158)
Written off	**(2,684)**	(6,262)
At 31 December	**95,922**	68,146

24. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	2016 **RMB'000**	2015 RMB'000
Contracts in progress at the end of reporting period:		
Contract costs incurred plus recognised profits less recognised losses and foreseeable losses	**6,551,874**	5,559,248
Less: progress billings	**(6,558,891)**	(5,603,938)
Contract work-in-progress at the end of reporting period	**(7,017)**	(44,690)
Represented by:		
Amounts due from customers for contract work included in current assets	**28,185**	24,826
Amounts due to customers for contract work included in current liabilities	**(35,202)**	(69,516)
	(7,017)	(44,690)

25. RESTRICTED BANK DEPOSITS

The Group's restricted bank deposits were denominated in RMB, United States Dollars ("USD") and Hong Kong Dollars ("HK$"), and as collateral for the issuance of performance bonds, bid bonds, bank borrowings and receipt in advance from customer related to payment card business. The effective interest rates on restricted bank deposits were ranging from 1.4% to 2.8% per annum as at 31 December 2016 (2015: from 1.3% to 2.8% per annum).

26. ASSETS CLASSIFIED AS HELD FOR SALE

The assets classified as held-for-sale was related to the Group's one of the storage facilities located in Gaoguang, the PRC. As at 31 December 2016, the Directors consider that the disposal transaction is no longer highly probable and are of the view that it is appropriate to reclassify the assets to property, plant and equipment from assets held-for-sale in the consolidated statement of financial position as at 31 December 2016.

As at 31 December 2016, the carrying amount of the above assets reclassified to property, plant and equipment is RMB5,410,000, which is the amount before it was classified as held for sale, adjusted for any depreciation that would have been recognised had the asset not been classified as held for sale. The directors consider that the carrying amount is lower than its recoverable amount at the date of the subsequent decision not to sell.

27. TRADE AND OTHER PAYABLES

	2016 **RMB'000**	2015 RMB'000
Trade payables	**1,859,358**	2,369,497
Notes payable	**1,274,126**	552,139
	3,133,484	2,921,636
Amount due to an associate *(note (i))*	**466**	650
Amount due to a related company *(note (i))*	**–**	10,796
Deposits received	**262,591**	124,099
Other payables *(note (ii))*	**765,545**	280,568
Accruals	**656**	10,250
	4,162,742	3,347,999

Notes: (i) The amounts are interest-free, unsecured and repayable on demand.

(ii) The amounts included advances from independent third parties of RMB2,526,000 (2015: RMB8,878,000), which are interest-free, unsecured and repayable on demand.

27. TRADE AND OTHER PAYABLES *(continued)*

Included in trade and other payables are trade creditors with the following ageing analysis as of the end of reporting period based on invoice date:

	2016 RMB'000	2015 RMB'000
Road and bridge construction:		
Less than 6 months	**702,423**	828,356
6 months to less than 1 year	**272**	91,939
1 year to less than 2 years	**156,863**	26,503
2 years to less than 3 years	**16,470**	23,612
3 years and over	**23,457**	18,336
	899,485	988,746
Sale of petrochemical and agricultural products:		
Less than 31 days	**622,469**	1,703,214
31 to 60 days	**527,863**	50,010
61 to 90 days	**194,640**	50
91 days to less than 1 year	**884,295**	179,140
1 year to less than 2 years	**10**	28
2 years to less than 3 years	**189**	–
3 years and over	**282**	448
	2,229,748	1,932,890
Provision of agricultural big-data services:		
Less than 31 days	**4,251**	–
	3,133,484	2,921,636

28. BORROWINGS

	2016 RMB'000	2015 RMB'000
Bank borrowings		
Secured – interest-bearing loans *(notes (a) and (b))*	**510,258**	31,667
Unsecured – interest-bearing loans *(note (b))*	**898,400**	1,021,200
	1,408,658	1,052,867
Other borrowings		
Unsecured – interest-bearing loans	**299,088**	–
	1,707,746	1,052,867

28. BORROWINGS *(continued)*

At the end of the reporting period, total borrowings of the Group were repayable as follows:

	2016 **RMB'000**	2015 RMB'000
On demand or within one year	**1,707,746**	1,021,200
In the second year	**–**	31,667
	1,707,746	1,052,867

Notes:

As at the end of reporting period, the summary of assets pledged and guaranteed borrowings are as follows:

(a) The borrowings are secured by:

	2016 **RMB'000**	2015 RMB'000
Payments for leasehold land held for own use under operating leases *(note 15)*	**8,042**	8,220
Property, plant and equipment *(note 16)*	**57,997**	–
Investment property *(note 18)*	**–**	6,631
Trade receivables	**200,000**	–

(b) The secured and unsecured borrowings of the Group to the extent of RMB280,000,000 (2015: RMB280,000,000) were guaranteed by certain directors of the Company and its subsidiaries.

As at 31 December 2016, there is no banking facilities of the Group is subject to the fulfilment of covenants relating to certain of the Company's financial ratios (2015: nil).

Except for the above, the Company also regularly monitors its compliance with the covenants. As at 31 December 2016, none of the covenants relating to drawn down facilities had been breached (2015: none).

29. DEFERRED TAX

Details of the deferred tax liabilities and assets recognised and movements during the current and prior years:

Deferred tax assets

	Impairment loss and discounting on trade and other receivables RMB'000
At 1 January 2015	40,433
Charged to profit or loss	(13,406)
At 31 December 2015 and 1 January 2016	**27,027**
Credited to profit or loss	**5,971**
At 31 December 2016	**32,998**

Deferred tax liabilities

	Fair value surplus in respect of business combination RMB'000	Capitalisation of borrowing costs RMB'000	Total RMB'000
At 1 January 2015	33,755	302	34,057
Charged to profit or loss	–	325	325
At 31 December 2015 and 1 January 2016	**33,755**	**627**	**34,382**
Charged to profit or loss	**–**	**194**	**194**
Additions through business combination *(note 34)*	**57,526**	**–**	**57,526**
At 31 December 2016	**91,281**	**821**	**92,102**

No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The tax losses of RMB5,921,000 (2015: RMB18,846,000) arising in Hong Kong can be carried forward indefinitely.

29. DEFERRED TAX *(continued)*

Pursuant to the new PRC Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors.

As at 31 December 2016 and 2015, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in the PRC. It is because in the opinion of the Directors, it is not probable that these subsidiaries will distribute their earnings accrued from 1 January 2008 to 31 December 2016 to the Group's intermediate holding companies incorporated outside the PRC in the foreseeable future. Accordingly no deferred tax liabilities have been recognised as at 31 December 2016 and 2015.

For the purpose of presentation in consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2016 **RMB'000**	2015 RMB'000
Deferred tax assets	**11,502**	24,076
Deferred tax liabilities	**(70,606)**	(31,431)
	(59,104)	(7,355)

30. SHARE CAPITAL

(a) Authorised and issued share capital

	Number of shares	**Amount** RMB'000
Ordinary shares of RMB0.1 each		
Authorised, issued and fully paid:		
At 1 January 2015	1,404,285,000	140,429
Rights issue *(note i)*	631,928,250	63,192
Bonus issue *(note ii)*	1,018,106,625	101,811
At 31 December 2015 and 1 January 2016	3,054,319,875	305,432
Placing and subscription of shares *(note iii)*	2,034,400,000	203,440
Bonus issue *(note iv)*	2,544,359,938	254,436
At 31 December 2016	7,633,079,813	763,308

30. SHARE CAPITAL *(continued)*

(a) Authorised and issued share capital *(continued)*

Notes:

(i) On 17 February 2015, the Company proposed to raise fund by way of a rights issue of 631,928,250 rights shares (comprising 307,928,250 H rights shares and 324,000,000 domestic rights shares) on the basis of 4.5 rights shares for every 10 existing shares held by the qualifying shareholders at the subscription price of HK$0.78 per H rights share and RMB0.62 per domestic rights share payable in full on acceptance. The rights issue was completed on 30 March 2015. As a result, approximately RMB390,720,000, net of expenses, was raised.

(ii) Pursuant to the special resolution passed at the annual general meeting and respective class meetings of the Company on 23 June 2015, it was approved to issue bonus shares to all the shareholders of the Company on the basis of five new bonus shares for every ten existing shares of the Company held by the members on the register of members of the Company on 9 July 2015. A total of 1,018,106,625 bonus shares which comprised 496,106,625 bonus H shares and 522,000,000 bonus domestic shares were issued on 27 July 2015.

(iii) On 29 July 2015, the Company and Shenzhen Dasheng Agricultural Group Co., Ltd. ("Shenzhen Dasheng"), which holds approximately 29.86% equity interests of the Company as at 31 December 2015, entered into a share subscription agreement pursuant to which the Company has conditionally agreed to allot and issue and Shenzhen Dasheng has conditionally agreed to subscribe for 1,500,000,000 H shares at a price of not less than HK$0.8 per share. On the same day, the Company entered into a placing agreement with a placing agent, pursuant to which the Company has conditionally agreed to place through the placing agent, on a best efforts basis, of 1,500,000,000 H shares at a price of not less than HK$0.8 per share. The new shares proposed to be subscribed or placed will rank pari passu in all respects with the existing H shares in issue. The aggregated gross proceeds from the subscription and the placing shall be no less than HK$2.4 billion. The proceeds shall be mainly used for developing and exploring new business of providing financial services in agricultural sector. For details, please refer to the announcement issued by the Company on 5 August 2015 and circular of the Company dated 30 September 2015. The subscription as well as the placing were completed on 26 February 2016 and 7 March 2016, respectively.

(iv) Pursuant to the special resolution passed at the annual general meeting and respective class meetings of the Company on 23 August 2016, it was approved to issue bonus shares to all the shareholders of the Company on the basis of five new bonus shares for every ten existing shares of the Company held by the members on the register of members of the Company on 4 September 2016. On 19 September 2016, a total of 2,544,359,938 bonus shares which comprised 1,761,359,937 bonus H shares and 783,000,000 bonus domestic shares were issued.

30. SHARE CAPITAL *(continued)*

(b) Capital management policy

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as total borrowings as described in note 28 divided by total capital. The Group regards its equity attributable to the Company's owners as its capital.

	2016 **RMB'000**	2015 RMB'000
Total borrowings	**1,707,746**	1,052,867
Equity attributable to the Company's owners	**3,071,861**	1,479,713
Debt-to-equity ratio	**55.6%**	71.2%

The Group is also subject to externally imposed requirements in relation to certain bank covenants. Please refer to note 28 for details.

31. RESERVES

Company	Capital reserve *(note (a))* RMB'000	Statutory reserve fund *(note (b))* RMB'000	Retained earnings *(note (e))* RMB'000	Total RMB'000
At 1 January 2015	174,956	63,849	258,110	496,915
Profit for the year	–	–	126,144	126,144
Rights issue *(note 30(a)(i))*	327,528	–	–	327,528
Bonus issue *(note 30(a)(ii))*	(101,811)	–	–	(101,811)
Transfer to statutory reserve fund	–	12,614	(12,614)	–
2014 final dividends paid	–	–	(50,905)	(50,905)
At 31 December 2015 and 1 January 2016	400,673	76,463	320,735	797,871
Profit for the year	–	–	30,408	30,408
Placing of shares *(note 30(a)(iii))*	1,148,142	–	–	1,148,142
Bonus issue *(note 30(a)(iv))*	(254,436)	–	–	(254,436)
Transfer to statutory reserve fund	–	3,041	(3,041)	–
2015 final dividends paid *(note 14)*	–	–	(76,331)	(76,331)
At 31 December 2016	1,294,379	79,504	271,771	1,645,654

Notes:

(a) The amount represents share capital in excess of nominal value. On 13 November 2007, the Company issued 250,190,000 shares to the subscribers and the H share shareholders, at an issue price of HK$1.10 per share. On 29 October 2014, 27 July 2015 and 23 August 2016, 468,095,000 bonus shares, 1,018,106,625 bonus shares and 2,544,359,938 bonus shares were issued respectively, the amount of RMB46,810,000, RMB101,811,000 and RMB254,436,000 were transferred from capital reserve to share capital. On 30 March 2015, 631,928,250 rights shares were issued with proceeds of approximately RMB390,720,000. Accordingly, the Company's issued share capital was increased by RMB63,192,000 and the balance of the proceeds RMB327,528,000 was credit to the capital reserve account. On 26 February 2016 and 7 March 2016, the Company issued 1,500,000,000 and 534,400,000 shares to the subscribers at issue prices of HK$0.8 per share.

(b) Pursuant to the relevant PRC regulations and the Articles of Association of the PRC companies within the Group, each of the PRC companies within the Group is required to transfer 10% of its net profit, as determined under the PRC accounting regulations, to a statutory reserve fund until the fund aggregates to 50% of its registered capital. The transfer to this reserve shall be made before distribution of dividends to shareholders.

The statutory reserve fund shall only be used to make good previous years' losses, to expand its production operations, or to increase its capital. Upon approval by a resolution of the shareholders' general meeting, each of the PRC companies within the Group may convert its statutory reserve fund into share capital and issue bonus shares to existing shareholders in proportion to their original shareholdings, or to increase the nominal value of each share currently held by the shareholders, provided that the balance of the statutory reserve fund after such issue is not less than 25% of the registered capital.

(c) The Group's other reserve represents its share of revaluation surplus recognised as a result of fair value change in identifiable asset and liabilities when the Group acquired additional equity interests of certain subsidiaries in 2008.

(d) The Group's currency translation reserve represents gain or loss arising on retranslating the net assets of foreign operations into RMB, the presentation currency of the financial statements.

(e) The amount represents cumulative net gains and losses recognised in profit or loss.

(f) The amount represents gain/(loss) arising on recognising financial assets classified as available for sale at fair value.

32. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	**2016** **RMB'000**	2015 RMB'000
Assets			
Non-current assets			
Property, plant and equipment		**6,796**	7,942
Investment property		**9,510**	10,418
Investment in subsidiaries		**2,618,309**	758,269
Investment in associates		**24,677**	27,313
Available-for-sale financial assets		**800**	800
Deferred tax assets		**77**	–
Total non-current assets		**2,660,169**	804,742
Current assets			
Inventories		**2**	2
Trade and other receivables		**1,824,322**	2,057,162
Restricted bank deposits		**49,284**	40,000
Cash and cash equivalents		**473,577**	6,166
Total current assets		**2,347,185**	2,103,330
Total assets		**5,007,354**	2,908,072
Liabilities			
Current liabilities			
Trade and other payables		**2,005,336**	1,519,541
Borrowings		**588,000**	280,000
Current tax liabilities		**5,056**	5,228
Total current liabilities		**2,598,392**	1,804,769
Net current assets		**(251,207)**	298,561
NET ASSETS		**2,408,962**	1,103,303
Capital and reserves			
Share capital	*30*	**763,308**	305,432
Reserves	*31*	**1,645,654**	797,871
TOTAL EQUITY		**2,408,962**	1,103,303

33. PARTICULARS OF SUBSIDIARIES

The following are the details of the Group's principal subsidiaries at 31 December 2016:

Name	Place of incorporation and type of legal entity	Principal activities and place of operation	Issued share capital/ registered capital	Effective Equity interests held Directly	Effective Equity interests held Indirectly
南通路橋工程有限公司 Nantong Road and Bridge Engineering Co., Ltd. ("Nantong Road and Bridge")	PRC, limited liability company	Construction of roads and bridges in the PRC	RMB600,080,000	91.31%	–
江蘇九州市政工程有限公司 Jiangsu Jiuzhou Municipal Engineering Co., Ltd.	PRC, limited liability company	Construction of roads and bridges in the PRC	RMB50,000,000	–	91.31%
香港大生農業控股有限公司 Hong Kong Dasheng Agriculture Holding Company Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	HK$250,000,000 of 250,000,000 ordinary shares	100%	–
武漢華隆公路物資有限公司 Wuhan Hualong Highway Resources Company Limited	PRC, limited liability company	Petrochemical trading in the PRC	RMB30,000,000	100%	–
上海大生農化有限公司 Shanghai Dasheng Agro-chemical Co., Ltd.	PRC, limited liability company	Petrochemical trading in the PRC	RMB200,000,000	100%	–
上海泰華石油化工有限公司 Shanghai Taihua Petrochemical Co., Ltd.	PRC, limited liability company	Petrochemical trading in the PRC	RMB210,000,000	100%	–

33. PARTICULARS OF SUBSIDIARIES *(continued)*

Name	Place of incorporation and type of legal entity	Principal activities and place of operation	Issued share capital/ registered capital	Effective Equity interests held	
				Directly	Indirectly
上海大生農產品有限公司 Shanghai Dasheng Agriculture Products Co., Ltd.	PRC, limited liability company	Agricultural product trading in the PRC	RMB350,000,000	100%	–
香港大生實業發展有限公司 Hong Kong Dasheng Industrial Development Co., Ltd.	Hong Kong, limited liability company	Petrochemical trading in Hong Kong	HK$100,000 of 100,000 ordinary shares	–	100%
深圳市大生金融控股有限公司 Shenzhen Dasheng Financial Holding Company Limited	PRC, limited liability company	Finance lease business in the PRC	RMB1,000,000,000	100%	–
瑞盈信融（深圳）融資租賃有限公司 Ever Fortune Financial Leasing Co., Ltd. ("Ever Fortune")	PRC, limited liability company	Finance lease business in the PRC	RMB500,000,000	–	73%
瑞盈信融（深圳）商業保理有限公司 Ever Fortune Commercial Factoring Co., Ltd. ("Ever Fortune Commercial Factoring")	PRC, limited liability company	Commercial factoring business in the PRC	RMB500,000,000	–	73%
瑞盈信融（廈門）融資租賃有限公司 Ever Fortune (Xiamen) Financial Leasing Co., Ltd.	PRC, limited liability company	Finance lease business in the PRC	RMB500,000,000	–	79.75%
福建瑞盈信融融資租賃有限公司 Fujian Ruiying Financial Leasing Company Limited	PRC, limited liability company	Finance lease business in the PRC	RMB200,000,000	–	79.75%

33. PARTICULARS OF SUBSIDIARIES *(continued)*

Name	Place of incorporation and type of legal entity	Principal activities and place of operation	Issued share capital/ registered capital	Effective Equity interests held	
				Directly	Indirectly
上海諧易企業管理咨詢有限公司 Shanghai Kaiyi Corporate Management Consultancy Co., Ltd. ("Kaiyi")	PRC, limited liability company	Investment holding and agricultural big-data services in the PRC	RMB20,000,000	100%	–
上海潤通實業投資有限公司 Shanghai Runtong Industrial and Investment Co., Limited ("Shanghai Runtong")	PRC, limited liability company	Agricultural big-data service in the PRC	RMB100,000,000	–	80%

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of the other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Note:

(a) For the Company's subsidiaries established in the PRC, the English translation of the company names is for reference only.

(b) During the year ended 31 December 2015, the Group acquired 53% equity interests of Ever Fortune. See note 35 for details. The Group subscribed further 20% of equity interest of Ever Fortune during the year ended 31 December 2016. The Group also subscribed further 16.44% of equity interest of Nantong Road and Bridge and had 91.31% equity interests during the year ended 31 December 2016.

In July 2016, the Group completed the acquisition of the 100% equity interest of Kaiyi. Following the completion, Shanghai Runtong has become an indirectly non-wholly owned subsidiary of the Company.

33. PARTICULARS OF SUBSIDIARIES *(continued)*

Nantong Road and Bridge, a 91.31% (2015: 74.87%) owned subsidiary of the Company, has material non-controlling interests ("NCI"). Summarised financial information in relation to the NCI of Nantong Road and Bridge, before intra-group eliminations, is presented below:

	2016	2015
	RMB'000	RMB'000
For the year ended 31 December		
Revenue	**1,240,554**	1,263,654
Profit	**121,859**	143,445
Total comprehensive income	**121,859**	143,445
Profit allocated to NCI	**26,703**	36,052
Dividends paid to NCI	**7,541**	7,541
For the year ended 31 December		
Cash flows (used in)/from operating activities	**(38,084)**	321,707
Cash flows from investing activities	**134,076**	7,884
Cash flows used in financing activities	**(138,008)**	(79,008)
Net cash (outflow)/inflow	**(42,016)**	250,583
As at 31 December		
Current assets	**1,714,635**	1,531,671
Non-current assets	**1,049,188**	890,896
Current liabilities	**(1,706,834)**	(1,755,440)
Non-current liabilities	**(13,080)**	(15,070)
Net assets	**1,043,909**	652,057
Accumulated non-controlling interests	**90,716**	163,445

On 26 August 2016 and 14 October 2016, the Group acquired additional 7.54% and 8.9% equity interests in Nantong Road and Bridge from its NCI respectively. Following the acquisition, the Group had 91.31% equity interests. The transaction has been accounted for as an equity transaction with the NCI as follows:

	RMB'000
Cash consideration paid for 16.44% equity interests	88,953
Net assets attributable to 16.44% equity interests	91,890
Increase in equity attributable to owners of the Company (included in retained earnings)	(2,937)

33. PARTICULARS OF SUBSIDIARIES *(continued)*

Ever Fortune, a 73% (2015: 53%) owned subsidiary of the Company, has material NCI. Summarised financial information in relation to the NCI of Ever Fortune, before intra-group eliminations, is presented below:

	2016 RMB'000	2015 RMB'000
For the year ended 31 December		
Revenue	**76,536**	3,418
Profit	**28,268**	1,448
Total comprehensive income	**28,268**	1,448
Profit allocated to NCI	**14**	683
Dividends paid to NCI	**–**	–
For the year ended 31 December		
Cash flows used in operating activities	**(917,049)**	(119,973)
Cash flows (used in)/generated from investing activities	**(20,932)**	13
Cash flows generated from financing activities	**930,878**	121,833
Net cash (outflow)/inflow	**(7,103)**	1,873
As at 31 December		
Current assets	**2,330,483**	264,002
Non-current assets	**77,282**	37,803
Current liabilities	**(1,870,402)**	(58,792)
Non-current liabilities	**–**	(31,667)
Net assets	**537,363**	211,346
Accumulated non-controlling interests	**143,356**	104,102

On 8 January 2016, the Group acquired additional 20% equity interests in Ever Fortune from its NCI. Following the acquisition, the Group had 73% equity interests. The transaction has been accounted for as an equity transaction with the NCI as follows:

	RMB'000
Consideration payable paid for 20% equity interests	25,000
Net assets attributable to 20% equity interests	27,307
Increase in equity attributable to owners of the Company (included in retained earnings)	(2,307)

33. PARTICULARS OF SUBSIDIARIES *(continued)*

Shanghai Runtong, a 80% owned subsidiary of the Company, has material NCI. Summarised financial information in relation to the NCI of Shanghai Runtong, before intra-group eliminations, is presented below:

	2016 RMB'000
For the year ended 31 December	
Revenue	24,449
Profit	15,427
Total comprehensive income	15,427
Profit allocated to NCI	3,085
Dividends paid to NCI	–
For the year ended 31 December	
Cash flows generated from operating activities	89,677
Cash flows used in investing activities	(106,974)
Cash flows generated from financing activities	24,000
Net cash inflow	6,703
As at 31 December	
Current assets	336,444
Non-current assets	299,585
Current liabilities	(297,629)
Non-current liabilities	(56,453)
Net assets	281,947
Accumulated non-controlling interests	56,389

34. BUSINESS ACQUISITION DURING THE YEAR

On 27 July 2016, the Group acquired 100% of the equity interests of Shanghai Kaiyi Corporate Management Consultancy Co., Ltd. and its subsidiary (the "Kaiyi Group"), whose principal activity is the provision of payment platform services. The acquisition was made with the aims to enrich the Group's portfolio in the area of data services business.

The fair values of identifiable assets and liabilities of the acquiree as at the date of acquisition were:

	RMB'000
Property, plant and equipment *(note 16)*	13,760
Intangible assets *(note 19)*	226,733
Inventory	524
Trade and other receivables	72,281
Restricted bank deposits	242,920
Cash and cash equivalents	4,738
Trade and other payables	(257,983)
Deferred tax liabilities	(57,526)
NCI	(48,504)
	196,943
Satisfied by:	
Cash consideration paid in 2015 as deposit	30,000
Cash payments during the year	36,175
Cash consideration payable	201,825
	268,000
Goodwill *(note 19)*	71,057
Cash flow:	
Cash payments during the year	36,175
Cash and cash equivalents acquired	(4,738)
Net cash outflow arising from acquisition	31,437

34. BUSINESS ACQUISITION DURING THE YEAR *(continued)*

Since the acquisition date, Kaiyi Group has contributed RMB25,277,000 and RMB24,161,000 to Group's revenue and profit before income tax expense. If the acquisition had occurred on 1 January 2016, Group's revenue and profit before income tax expense would have been RMB29,649,000 and RMB16,209,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is it intended to be a projection of future performance.

The acquisition-related costs were not material, and have been expensed and are included in administrative expenses.

35. BUSINESS ACQUISITION IN PRIOR YEAR

On 28 October 2015, the Group acquired 53% of the equity interests of Ever Fortune, a company whose principal activity is financial leasing. The acquisition was made with the aims to enrich the Group's portfolio in the area of financial business.

The fair values of identifiable assets and liabilities of the acquiree as at the date of acquisition were:

	RMB'000
Property, plant and equipment *(note 16)*	567
Intangible assets *(note 19)*	4
Trade and other receivables	187,883
Restricted bank deposits	3,800
Cash and cash equivalents	12,409
Trade and other payables	(58,734)
Borrowings	(45,033)
NCI	(47,421)
	53,475
Satisfied by:	
Cash consideration paid	53,000
Excess of the Group's share of fair value of interests acquired over the cost of acquisition *(note)*	475
Cash flow:	
Cash payment	53,000
Cash and cash equivalents acquired	(12,409)
Net cash outflow arising from acquisition	40,591

Note: The bargain purchase of RMB475,000 is recognised in the other income and gains (note 7) of the consolidated statement of comprehensive income. The Group agreed a favourable price with the seller as the seller is intended to realise its equity interests of Ever Fortune in a short time.

35. BUSINESS ACQUISITION IN PRIOR YEAR *(continued)*

The Group has elected to measure the NCI in Ever Fortune at the NCI's proportionate share of Ever Fortune's identifiable net assets.

The fair value of trade and other receivables amounted to approximately RMB187,883,000. In the opinion of the Directors, no receivable is expected to be uncollectible.

Since the acquisition date, Ever Fortune and its subsidiaries have contributed RMB3,418,000 and RMB1,901,000 to Group's revenue and profit before income tax expense. If the acquisition had occurred on 1 January 2015, Group's revenue and profit before income tax expense would have been RMB8,226,472,000 and RMB383,537,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2015, nor is it intended to be a projection of future performance.

The acquisition-related costs were not material, and have been expensed and are included in administrative expenses.

36. OPERATING LEASE COMMITMENTS

Operating leases – lessee

At the reporting date, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of transportation facilities, machineries, office premises and warehouse facilities as follows:

	2016 **RMB'000**	2015 RMB'000
Not later than one year	**6,473**	2,213
Later than one year and not later than five years	**2,261**	432
	8,734	2,645

The leases typically run for an initial period of 1 to 5 years without extension option. None of these leases includes contingent rentals.

36. OPERATING LEASE COMMITMENTS *(continued)*

Operating leases – lessor

At the reporting date, the Group had future aggregate minimum lease receivable under non-cancellable operating leases in respect of the investment properties as follows:

	2016 RMB'000	2015 RMB'000
Not later than one year	**2,665**	2,043
Later than one year and not later than five years	**7,378**	555
Later than five years	**7,978**	–
	18,021	2,598

The Group's investment properties are leased to a tenant, with a lease term of two years, and there is no contingent rental.

37. CONTINGENT LIABILITIES

	2016 RMB'000	2015 RMB'000
Guarantees in respect of performance bonds and advance payment bonds issued by banks	**212,734**	286,601

The guarantees in respect of performance bonds and advance payment bonds issued by banks, which are fully secured by restricted bank deposits, are related to the construction projects of the Group's non-wholly owned subsidiary, Nantong Road and Bridge.

38. RELATED PARTY TRANSACTIONS

(a) During the year, apart from the related party transactions disclosed in notes 23(a) and 28(b), the Group entered into the following material transactions with related parties:

Software related services provided to

	2016 **RMB'000**	2015 RMB'000
Zhenjiang Agricultural, an associate	**4,491**	–
Meishan Dasheng, an associate	**4,151**	–
Huzhou Dasheng, an associate	**9,245**	–
Nanjing Dasheng Modern Agriculture Holdings Co., Ltd. a related company *(note)*	**8,376**	–

Finance lease services to

	2016 **RMB'000**	2015 RMB'000
Nanjing Dasheng Modern Agriculture Holdings Co., Ltd., a related company *(note)*	**1,104**	–
Nanjing Dasheng Vegetable Production Co., Ltd., a related company *(note)*	**1,233**	–

Note: The amounts represent service fee income and finance lease interest income receivable from two related companies, the beneficial owners of which are Mr. Lan Huasheng, who is the director of the Company, and Mr. Lu Tingfu, who is the supervisor of the Company.

(b) Key management compensation

	2016 **RMB'000**	2015 RMB'000
Directors' fees, basic salaries and allowances	**4,425**	3,931
Discretionary bonus	**1,486**	240
Retirement scheme contributions	**357**	218
	6,268	4,389

Remuneration for key management personnel of the Group includes amounts paid to the directors, supervisors and two (2015: two) senior management personnel of the Company. The remuneration of the directors, supervisors and two senior management personnel are disclosed in note 11.

39. FINANCIAL INSTRUMENTS – RISK MANAGEMENT AND FAIR VALUE

The Group's activities expose itself to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management

(a) Foreign currency risk

The Group operates mainly in the PRC, and most of the Group's commercial transactions, recognised assets and liabilities are denominated in RMB. In the opinion of the directors, the Group's exposure to the foreign currency risk is minimal.

(b) Interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to finance lease and commercial factoring loan receivables, bank deposits and its borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. The Group has not entered into any financial derivative instruments to hedge its exposure to interest rate risk.

The following tables detail the interest rate profile of the Group at the end of reporting period:

	2016		2015	
	Effective interest rate Per annum	**RMB'000**	Effective interest rate Per annum	RMB'000
Fixed-rate finance lease and commercial factoring loan receivables	**10.5%**	**2,343,521**	8.4%	258,013
Fixed-rate bank deposits	**2.1%**	**419,855**	2.1%	251,375
Floating-rate bank deposits	**0.4%**	**1,225,688**	0.4%	362,257
Held-to-maturity financial assets	**5.81%**	**61,000**	–	–
		4,050,064		871,645
Fixed-rate borrowings	**6.7%**	**1,677,746**	6.7%	470,000
Floating-rate borrowings	**5.8%**	**30,000**	5.9%	582,867
		1,707,746		1,052,867

At the respective end of reporting period, if interest rates had been increased/decreased by 100 basis points and all other variables were held constant, the Group's profit after income tax expense would decrease/increase by approximately RMB17,580,000 (2015: RMB1,384,000) for the year ended 31 December 2016.

39. FINANCIAL INSTRUMENTS – RISK MANAGEMENT AND FAIR VALUE *(continued)*

Risk management *(continued)*

(c) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents, restricted bank deposits, trade and other receivables.

While the Group's trade receivables relate to a number of customers, there is concentration of credit risk. The trade receivables from the five largest debtors at 31 December 2016 represented 32% (2015: 25%) of total trade receivables, while 9% (2015: 7%) of the total receivables were due from the largest debtor. Credit risk with respect to trade receivables are limited because the Group regularly reviews the credit standing, credit terms and credit limits granted to individual customers. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets except for those mentioned in note 23(b)(iii). The Group issues financial guarantee contracts in favour of only those counterparties that are financially strong and with good credit history.

The credit risk on the bank deposits are limited because the counterparties are financial institutions with high credit ratings assigned by international credit rating agencies or state-owned banks in the PRC.

(d) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its operation needs and business commitments.

The Group also has policy to regularly monitor its liquidity requirements and its compliance with lending covenants, so as to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from financial institutions to meet its liquidity requirements in the short and long terms.

39. FINANCIAL INSTRUMENTS – RISK MANAGEMENT AND FAIR VALUE *(continued)*

Risk management *(continued)*

(d) Liquidity risk *(continued)*

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
Group				
At 31 December 2016				
Borrowings	**1,766,674**	**–**	**–**	**1,766,674**
Trade and other payables	**4,162,742**	**–**	**–**	**4,162,742**
At 31 December 2015				
Borrowings	1,047,166	35,189	–	1,082,355
Trade and other payables	3,347,999	–	–	3,347,999

Fair value estimation

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and trading on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The directors considered that the carrying amounts of the financial assets and liabilities approximate their fair value, except for the available-for-sale financial asset which is measured at cost less impairment. The directors of the Company are of the opinion that the fair value cannot be measured reliably.

39. FINANCIAL INSTRUMENTS – RISK MANAGEMENT AND FAIR VALUE *(continued)*

Fair value estimation *(continued)*

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	2016				2015			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale listed equity securities	**8,250**	**–**	**–**	**8,250**	–	–	–	–

There were no transfers between levels during the period.

40. FINANCIAL INSTRUMENTS BY CATEGORY AND TRANSFERRED OF FINANCIAL ASSETS

The carrying amounts of each of the financial instruments as at the end of each reporting period are categorised as follows:

	2016	2015
	RMB'000	RMB'000
Financial assets		
Loans and receivables	**8,175,218**	5,674,170
Available-for-sale financial assets	**14,050**	5,800
	8,189,268	5,679,970
Financial liabilities		
Financial liabilities measured at amortised cost	**5,607,897**	4,276,768

40. FINANCIAL INSTRUMENTS BY CATEGORY AND TRANSFERRED OF FINANCIAL ASSETS *(continued)*

The Group transferred certain bills receivables accepted by banks in the PRC (the "Derecognised Bills") to banks or suppliers with a carrying amount of RMB750,000 (2015: RMB14,000,000) as at 31 December 2016. The Derecognised Bills generally has maturity dates of less than six months at the end of 31 December 2016 and 2015. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC bank default (the "Continuing Involvement"). In the opinion of the Directors, the Group has transferred substantial all risks and rewards relating to the Derecognised Bills and has discharged its obligations under the relevant PRC practice, rule and regulations, the Group has limited exposure in respect of the settlement obligation of the Derecognised Bills under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills. The Group considered the Derecognised Bills are of good credit quality and the non-settlement of the Derecognised Bills by the issuing banks on maturity is remote. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills is equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2016 and 2015, the Group has not recognised any gain or loss on the transfer of the Derecognised Bills. No gain or loss were recognised from the Continuing Involvement. The discounting of bills receivables have been made evenly throughout the years ended 31 December 2016 and 2015.

41. EVENTS AFTER THE REPORTING PERIOD

(a) On 5 January 2017, the Group entered into the sale and purchase agreement with a vendor, pursuant to which the Group has conditionally agreed to acquire 35% equity interests of Nanjing Baoze Equity Investment Fund Co., Limited at a cash consideration of approximately RMB194,982,000. Nanjing Baoze Equity Investment Fund Co., Limited owns approximately 99.9975% equity interest of Qing jiang Cold Chain. Completion of the acquisition is conditional upon the fulfillment (or waiver, as the case may be) of the conditions set out in the sale and purchase agreement. Details please refer to the Group's announcement date 5 January 2017. At the date of this report, the acquisition has been completed.

(b) On 8 January 2017, the Group entered into the cooperation agreement with three independent third parties, namely Sinoagri Holding Company Limited ("Sinoagri"), Creditease Weijia Technology Development (Beijing) Co., Limited ("Creditease Weijia") and Beijing Huntor Cloud Technology Co., Limited ("Beijing Huntor") to form a joint venture, namely Zhongnong Puhui Financial Service Technology Co., Limited ("Zhongnong Puhui"), in the PRC. The Group would subscribe 30% of the registered capital of the Zhongnong Puhui is at RMB80 million and its principal business are, among other things, technology development, provision of financial business process and financial knowledge to financial institutions and sale of fertilizer. Details please refer to the announcement dated 8 January 2017.

41. EVENTS AFTER THE REPORTING PERIOD *(continued)*

(c) On 20 February 2017, the Group entered into the capital increase agreement with Shenzhen Yong Hui Ju Investment Consultation Co., Limited ("SZ Yonghuiju") and Crown Castle Limited ("Crown Castle"), pursuant to which, the Group agreed to inject a total of RMB500 million in cash for the additional capital in Ever Fortune, a sino-foreign equity joint venture established in the PRC while SZ Yonghuiju and Crown Castle would not inject additional capital to Ever Fortune. Pursuant to the capital increase agreement, the registered capital of Ever Fortune will be increased from RMB500 million to RMB1,000 million and the respective equity interest in Ever Fortune held by the Group, SZ Yonghuiju and Crown Castle will be 86.5%, 11% and 2.5%. Details please refer to the announcement dated 22 February 2017.

(d) On 27 February 2017, the board of the Company announced that all conditions to the Subscription Agreement dated 27 October 2016 have been fulfilled and completion of the Subscription took place. Pursuant to the Subscription Agreement, 1,000,000,000 new Domestic Shares have been duly allotted and issued as fully paid to Subscribers. Accordingly, immediately after completion of the Subscription, the registered capital of the Company became approximately RMB863,308,000 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. Details please refer to the announcement dated 27 October 2016, 11 November 2016, 20 January 2017 and 27 February 2017 and the circular of the Company dated 5 December 2016.

42. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 13 March 2017.

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