增強結構 發揮實力

PURSUIT OF STRONG STRUCTURE DEVELOPMENT

Annual Report 2017 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

Contents

Summary of Financial Information

RESULTS

	For the year ended 31 December				
	2017	2016	2015	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	**16,272,891**	14,364,866	8,223,074	5,292,504	5,885,633
(Loss)/profit before income tax expense	**(1,510,565)**	449,673	382,487	264,929	232,181
(Loss)/profit for the year	**(1,674,054)**	344,609	284,182	202,523	174,113
(Loss)/profit attributable to owners of the Company	**(1,520,116)**	307,082	247,449	168,083	138,959
(Loss)/earnings per share (RMB) (basic and diluted)*	**(0.179)**	0.043	0.057	0.046	0.038

Notes:

* Basic and diluted earnings per share for the years ended 31 December 2016, 2015, 2014 and 2013 have been restated for the impact of the bonus issues of Shares in 2017.

ASSETS AND LIABILITIES

	As at 31 December				
	2017	2016	2015	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**2,301,407**	1,633,242	1,094,135	978,702	834,583
Current assets	**6,102,203**	7,791,319	5,228,491	2,962,655	2,619,620
Non-current liabilities	**(639,481)**	(70,606)	(63,098)	(81,196)	(14,280)
Current liabilities	**(5,361,047)**	(5,991,633)	(4,512,268)	(2,832,631)	(2,533,633)
Non-controlling interests	**(360,560)**	(290,461)	(267,547)	(134,934)	(141,073)
Capital and reserves attributable to owners of the Company	**2,042,522**	3,071,861	1,479,713	892,596	765,217

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Director

Zhu Tianxiang

Independent Non-Executive Directors

Chung Cheuk Ming
Yang Gaoyu
Zhou Jianhao

SUPERVISORS

Lu Tingfu *(Chairman)*
Chen Yuanling
Jiang Feng (resigned on 26 July 2018)
Sun Ting (appointed on 26 July 2018)
Wang Bin (appointed on 26 July 2018)
Xu Miaojie (appointed on 20 November 2017 and resigned on 26 July 2018)
Ye Mingzhu
Zhao Liping (resigned on 20 November 2017)

AUDITOR

BDO Limited, Certified Public Accountants

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN CHINA

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No. 327 Tin Yao Qiao Road
Xuhui District,
Shanghai, PRC

PLACE OF BUSINESS IN HONG KONG

Unit 1705-06
Convention Plaza Office Tower
No. 1 Harbour Road
Wanchai
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

Chairman's Statement

In 2017, the agricultural structure in the PRC underwent accelerated optimization and upgrade and the quality of supply improved significantly. With the accelerated agricultural transformation and the rising level of agricultural modernization, the focus of agricultural production has shifted from increase of output to enhancement of quality. The No. 1 Central Document in 2017 titled "Opinions on Carrying Out the Promotion of the Supply-Side Structural Reform of the Agricultural Industry (《關於推進農業供給側結構性改革的實施意見》) ("No. 1 Document") was issued on 5 February, which is the 14th No. 1 Central Document for guiding the work of "Farmers, Villages and Agricultural Industry" since the beginning of the new century. The document specifically stated that the government will, on the basis of ensuring the safety of national agricultural products, promote the structural reform of the supply side of the agricultural industry based mainly on changes in market demand. Taking quality enhancement of supply of agricultural products as the main direction, the government will optimize the whole system of the agricultural industry chain through the fundamental means of system reform and mechanism innovation with a view to shifting towards green, ecologically sustainable development and focusing more on the demand for quality products, which demonstrated the importance of "Farmers, Villages and Agricultural Industry" in modernization.

The Group closely followed the state policies to made prospective strategic deployment for its businesses based on food safety and healthy agriculture. It has also made exploration and implementation in various aspects, including global procurement of quality agricultural products, circulation of big data and internet-of-things technology services of agricultural products and agricultural industry chain financial services. In 2017, the Group completed its acquisition of the target company in the "cold chain logistics" industry. In order to deliver a more definite vision of the Group's business structure to the investors, the Group vertically expanded the existing "supply chain services business" to the "cold chain logistics business".

Under the impact of an negative external event on the Group since March 2018, loss attributable to the owners of the Company in 2017 substantially decreased to a loss of RMB1,520,116,000 from profit attributable to the owners of the Company of RMB307,082,000 in 2016, representing a year-on-year decrease of approximately 595.02%. The assets of the Company amounted to RMB8,403,610,000, representing a year-on-year decrease of approximately 10.83%.

PROSPECT

On the 19th National Congress of the Communist Party of China, the strategy for revitalization of rural areas was proposed for the first time. The No. 1 Central Document promulgated on 2 January 2018 focused on the revitalization of rural areas, with an aim to further deepening the supply-side structural reform in the agricultural industry and accelerating the efficient linkage among small peasants and modern agriculture. Rural revitalization has become a hot topic during the meetings of the National People's Congress and the Chinese People's Political Consultative Conference held in 2018. Looking forward, adhering to the goal of "achieving significant progress in rural revitalization by 2020", agricultural enterprises will certainly be given more support in terms of resources and policies. Leveraging the opportunity of agricultural reform to grasp the changes in market demand, the Group will align with government policies, and optimize and integrate the industry from the perspectives of either restructuring of agricultural value chain and internal and external integration of agricultural industrial chain. On the basis of solidifying existing business, we will gradually expand our business to the production chain of agricultural industrial chain to ensure the diversity of business operation and increase the number of corporate profit points.

APPRECIATION

Finally, I wish to express my gratitude to the Board members, the management and staff of the Group for their relentless efforts and selfless dedication during the past year, and to the shareholders, suppliers and customers of the Company for their strong support for the Group.

Lan Huasheng
Chairman
1 August 2018

CONSOLIDATING THE MOMENTUM

Management Discussion and Analysis

FINANCIAL AND BUSINESS REVIEW

In 2017, the global economy recovered steadily as evidenced by signs of growth in major economies. The Chinese economy maintained stable and rapid growth of 6.9% for the whole 2017, with the size of economy increased by RMB8.35 trillion and the growth rate was higher than the world average. According to the "World Economic Situation and Prospects 2018" released by the United Nations, China made material contribution to the global economic growth, accounting for approximately a one-third. Underpinned by the positive fiscal policy as well as the steady and neutral monetary policy, the supply-side structural reform has been further deepened, enabling China to achieve stable yet high-quality economic growth.

In September 2017, the State Council issued the Opinion on Accelerating Agricultural Supply-side Structural Reform to Promote Growth of Grain Industry (《關於加快推進農業供給側結構性改革大力發展糧食產業經濟的意見》), which explicitly points out that accelerating agricultural supply-side structural reform shall be the main task with the focus on increasing the supply of green premium grain products and guaranteeing grain quality and safety with an aim to promoting innovative development, transformation and upgrade as well as quality and efficiency improvement of the grain industry. Its basic principle remains to include the adherence to industry integration and innovation-driven while promoting the organic convergence of various aspects of grain circulation such as warehousing, logistics and processing under the philosophy of "Big Grains", "Big Industry", "Big Market" and "Big Circulation" to develop the business model across the whole industry chain and unleash the supportive and leading role of technological innovation, thereby actively fostering new momentums such as new industry and new format.

On the back of agricultural supply-side structural reform, the Group adhered to the idea of "healthy agriculture for food safety" to ensure the supply of high-quality agricultural products and quality and safety of agricultural products in order to contribute efforts in advancing safety in terms of quality, circulation and consumption of agricultural products as well as in actively promoting the industry reform of modern agriculture and the sustainable development of agriculture.

Due to the change in the proportion of the Group's internal industrial structure and for the sake of giving investors a more explicit explanation on the development strategies of each of the Company's business sectors, the Group has added the "cold chain logistics business" in addition to the existing four business sectors, namely "agricultural big-data service business", "agricultural industry chain financial service business", "agricultural and petrochemical product supply chain service business" and "road and bridge construction business", for respective disclosures in the financial report.

During the period under review, revenue of the Group was approximately RMB16,272,891,000, representing an increase of approximately 13.28% as compared with that of last year. During the period under review, the Group recorded a gross profit of approximately RMB909,803,000, representing an increase of approximately 51.75% as compared to last year, which was mainly attributable to the rapid growth in the gross profit of the Group's financial segment during the reporting period. During the period, revenue of the agricultural big-data service business was approximately RMB21,614,000, and the gross profit was approximately RMB18,185,000. Revenue of the agricultural industry chain financial service business was approximately RMB377,913,000, representing an increase of approximately 393.77% as compared to the same period last year, and gross profit was approximately RMB290,102,000, representing an increase of approximately 353.25% as compared to the same period last year, respectively. Revenue of agricultural and petrochemical product supply chain service business was approximately RMB14,046,017,000, representing an increase of approximately 7.86% as compared to the same period last year, and gross profit was approximately RMB299,617,000, representing an increase of approximately 7.78% as compared to the same period last year. Revenue of the road and bridge construction business was approximately RMB1,768,836,000, representing an increase of approximately 42.58% as compared to the same period last year, and gross profit was approximately RMB272,052,000, representing an increase of approximately 16.89% as compared to the same period last year. Revenue of the cold chain logistics business, newly acquired in the first half of 2017, was approximately RMB58,511,000, and the gross profit was approximately RMB29,847,000.

BUSINESS OPERATIONS

The existing main businesses of the Group comprise "agricultural industry chain financial service business", "agricultural and petrochemical product supply chain service business", "road and bridge construction business", "agricultural big-data service business" and "cold chain logistics business" with operations in more than ten provinces, municipalities and autonomous regions in China such as Shanghai, Jiangsu, Hubei, Henan and Shandong as well as various countries and regions such as Hong Kong, Taiwan, Singapore, Korea, Netherlands, Denmark and Spain. Through diverse business operations, the Company is committed to becoming a comprehensive agricultural product wholesale market service supplier in China covering "market + logistics + finance".

The "Dasheng Intelligent Big Data Cloud Platform For Agricultural Product Wholesale" (大生智慧農批雲平台) system independently developed by the Company provided all-rounded solutions for e-trading of agricultural products and product quality traceability and ensured the traceability of safety and process in all circulation aspects, facilitating the transformation and upgrade of traditional agricultural wholesale in China towards modern intelligent logistics trading center. Leveraging on the "Intelligent Big Data Cloud Platform For Agricultural Product Wholesale", agricultural products trading and big database of distributors may serve as the basis of decision-making for the Company's provision of financial services to traders. The Company innovated the new model combining industry with finance, and took the lead in building the comprehensive financial services ecosystem focused on the agricultural sector. As for agricultural financial services, the Company conducted financial leasing, commercial factoring and financial services for equipment and facilities, agricultural product wholesale market, cold storage warehousing and supply chain management, providing financial support to the real economy and fueling the development of small and medium enterprises.

For agricultural and petrochemical product supply chain service business, the Company continued to solidify and explore the cooperation with domestic and foreign well-known enterprises and suppliers of large scale while expanding the categories, size of and structural adjustment to agriculture-related products in order to optimize the integrated service chain for procurement, warehousing, logistics and sales of bulk agricultural products around the world. For road and bridge construction business, our subsidiaries possess first-class national highway construction contractor qualification and first-class municipal utility construction contractor qualification for undertaking expressway, roadbed, bridge and municipal utility construction projects across the country. Leveraging on our outstanding construction technique, management team, market visibility and the Group's funding support, the business volume maintained a continuous growth. As the sub-sector of agricultural product wholesale market, frozen food market enjoys a promising prospect of development in China. In 2017, the Group formally launched the cold chain logistics business, which shall further unleash the internal synergy.

Based on the established advantage of the original trading products and the chemical fertilizer trading business under the supply chain services segment, the Company actively adjusted the corporate strategic plan with an aim to developing a financial system for the agricultural products supply chain that focuses on agricultural products and integrates their wholesale market, cold chain logistics and third-party payment with ancillary financial services.

AGRICULTURAL INDUSTRY CHAIN FINANCIAL SERVICE BUSINESS

As for agricultural industry chain financial service business, the government has provided clear guidance in terms of credit support, financial innovation and supporting policies. According to the Research Report on Prosperity Index of Financial Leasing Industry 2017 (二零一七年全年融資租賃行業景氣指數研究報告) of the PRC, in the fourth quarter of 2017, the prosperity index of the financial leasing industry was 51%, up 5 percentage points as compared to that of 46% in the third quarter. With increasing business demand and moderately easing policies of regulatory authorities, the financial leasing industry has ushered in another round of rapid development. Based on its big data cloud platform and credit records, the Group deeply explored the demand for financial services of agricultural product wholesale suppliers and merchants to provide them with customized financial products, and adopted a proactive approach to expand its financial leasing and commercial factoring businesses.

The Group provided various models of flexible and strong supporting financial services for agricultural product wholesale market operators and merchants in the market. Through intelligent cloud platform for agricultural product wholesale, the Group can make use of the big data in relation to agricultural product transaction to provide strong and steady support for the financing needs of customers on a continuous basis, and offer professional and customized financial solutions in response to the varying financing needs of customers. As for financial services, Shanghai Runtong Industrial and Investment Co., Limited* (上海潤通實業投資有限公司), an indirect non-wholly owned subsidiary of the Company, has obtained payment business license and the qualification for prepaid card issuance and business operation.

In February 2017, Shenzhen Dasheng Financial Holding Company Limited* (深圳市大生金融控股有限公司) and Hong Kong Dasheng Agriculture Holding Company Limited, both wholly-owned subsidiaries of the Group, entered into a capital increase agreement with the relevant parties to increase capital in Ever Fortune Financial Leasing Co., Ltd.* (瑞盈信融(深圳)融資租賃有限公司) ("Ever Fortune", an indirect non-wholly owned subsidiary of the Group) to RMB1 billion.

In April 2017, the Group, Weifang Guowei Huijin Investment Co., Ltd* (濰坊市國維匯金投資有限公司) ("Weifang Investment"), Hong Kong Dasheng Agriculture Holding Company Limited and Shenzhen Yong Hui Ju Investment Consultation Co., Ltd.* (深圳市永匯聚投資諮詢有限公司) established a joint venture company, namely Guowei Ruiying (Weifang) Financial Leasing Co., Limited* (國維瑞盈(濰坊)融資租賃有限公司) ("Guowei Ruiying").

For the year ended 31 December 2017, revenue of the Group's agricultural industry chain financial service business was RMB377,913,000 (31 December 2016: approximately RMB76,536,000), accounting for approximately 2.32% of the Group's total revenue. Gross profit was approximately RMB290,102,000 (31 December 2016: approximately RMB64,005,000), representing a significant year-on-year increase of approximately 353.25%, whereas the balance of interest-bearing assets of the Group's agricultural industry chain financial service business increased to approximately RMB2,474,403,000 as at 31 December 2017 from approximately RMB2,343,521,000 as at 31 December 2016.

AGRICULTURAL AND PETROCHEMICAL PRODUCT SUPPLY CHAIN SERVICE BUSINESS

For agricultural and petrochemical product supply chain service business, China's production environment remained stable and the price of agricultural products maintained at a steady level in 2017. The economy of Chinese petroleum and petrochemical industries was improving in terms of quality while maintaining stability with key economic indicators, including income from main businesses, economic benefits and foreign trade, recorded the highest growth rate over the past six years. Given the favourable market environment, the Group continued to pragmatically push forward the adjustment of industrial structure and further expanded and enriched its product offerings and industries. Currently, the Group has added a number of chemical fertilizer products, including nitrogenous fertilizers, phosphorus fertilizers, potash fertilizers and compound fertilizers.

The Group has obtained the Food Operation Permit and Food Distribution Permit (食品經營流通許可證), the qualification of consignee of imported meat products (進口肉類收貨人資質) and qualification of foreign trade dealer (對外貿易經營者資質). Leveraging the global network of Dasheng Agricultural Group, the Company assisted its customers to search for agricultural product production enterprises and suppliers around the world and provided them with information of the product sources. With real-time collaboration of ports in places such as Shanghai, Tianjin, Nanjing and Shenzhen, the Group has nationwide coverage with presence across major ports of import, thereby offering customers one-stop alternatives for ports of entry in the PRC.

The Group has established diversified purchasing and sales channels and enriched its product offerings from a global perspective with a view to comprehensively enhancing its organization ability of corporate resources and ensuring the sustainable and stable acquisition and supply of premium chemical fertilizer resources. It has also commenced in-depth and long-term cooperation with province-level agricultural materials companies and regional distributors so as to establish a more sophisticated distribution network and commodity trading platform and enlarge its farmland area coverage in the PRC to serve the "Farmers, Villages and Agricultural Industry". In addition, the Group has made good use of the channel advantages of its existing agricultural product wholesale market and cold chain market, which has effectively enhanced the circulation quality and efficiency of its agricultural and petrochemical products supply system.

For the year ended 31 December 2017, revenue of the Group's agricultural and petrochemical product supply chain service business was approximately RMB14,046,017,000 (31 December 2016: approximately RMB13,022,499,000), accounting for approximately 86.32% of the Group's total revenue. Gross profit was approximately RMB299,617,000 (31 December 2016: approximately RMB277,998,000), representing a year-on-year increase of approximately 7.78%, whereas gross margin was approximately 2.1%, roughly flat as compared to last year.

ROAD AND BRIDGE CONSTRUCTION BUSINESS

For road and bridge construction business, benefitting from the recovery of the Chinese economy, the general market environment showed continuous improvement with signs such as the export picking up. Demand for infrastructure engineering such as roads and bridges were increasing, providing strong support for infrastructure investment. Leveraging its sophisticated and professional construction qualification, resource advantages in the market and the synergy of its industry chain, the Group's competitive strengths continued to grow and the bidding rate continued to surge. In 2017, the Group recorded a ground-breaking growth in total contract amount, which is about two times more than that of the previous year.

Nantong Road and Bridge Engineering Co., Ltd., a subsidiary of the Group, is the second largest road and bridge engineering enterprise in Jiangsu Province, and the largest road and bridge enterprise in Nantong City. In addition to construction contract tier-one qualification for national highways and municipal utility contract tier-one qualification, the Group has also obtained a number of professional contract qualifications, including specialized construction contract tier-one qualification for road foundations, road surfaces and bridges (路基、路面、橋樑工程專業承包壹級), construction testing and examination integrated class B qualification for highways (公路工程試驗檢測綜合乙級) and specialized maintenance work contract tier-two qualification for highways (公路養護工程專業承包貳級).

In January 2017, the Group was awarded a bidding confirmation by an independent third party for the construction of Phase I of the Huaian City Expressway construction project (the "Project"), with an awarded amount of approximately RMB970 million (equivalent to approximately HK$1,086 million) and is expected to be completed by 31 January 2019. The awarded amount alone equaled to approximately 76.9% of the revenue for the Group's Road and Bridge Construction Business of the year 2015. The award of the Project is an affirmation of the Group's outstanding performance in construction projects and its qualification, reputation and position as a high-quality construction contractor.

For the year ended 31 December 2017, accumulated awarded amount of Nantong Road and Bridge Engineering Co., Ltd., a subsidiary of the Group, was RMB2.84 billion, which is more than twice the annual accumulated awarded amount in 2016.

On 20 July 2017, the Group published an announcement in relation to the consideration of proposed spin-off and separate listing of the road and bridge construction business on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by the Board of the Company.

For the year ended 31 December 2017, revenue of the Group's road and bridge construction business was approximately RMB1,768,836,000 (31 December 2016: approximately RMB1,240,554,000), representing approximately 10.87% of the Group's total revenue. Gross profit was approximately RMB272,052,000 (31 December 2016: approximately RMB232,738,000), representing a year-on-year increase of approximately 16.89%, whereas gross profit margin decreased from approximately 18.8% last year to approximately 15.4% in this reporting period, which was mainly due to a significant increase in cost of raw material.

AGRICULTURAL BIG DATA SERVICE BUSINESS

Dasheng Agriculture Finance has deepened its cooperation with several domestic well-known agricultural product wholesale markets to develop intelligent management platform and data settlement platform based on their market conditions. The Group also developed the All-in-One Card settlement system for agricultural product wholesale markets and received service fee based on the technology of "Dasheng Intelligent Big Data Cloud Platform For Agricultural Product Wholesale". The Group is further responsible for providing a number of services, such as platform-based data collection and data analysis, thereby gradually achieving All-in-One Card transactions for the entire market.

In July 2017, the Group entered into cooperation agreements with Shanghai Sino-Merchant Prosperous Liquor Storage and Distribution Co., Ltd.* (上海中商興盛酒類倉儲配送有限公司) ("Sino-Merchant") and Yancheng Golden Region Agricultural Mall Development Co., Ltd.* (鹽城市金地帶農貿商城開發有限公司) ("Golden Region"), respectively. Among which, the cooperation with Sino-Merchant has further promoted the establishment of electronic settlement system for liquor and cold storage transactions in each of the markets of Sino-Merchant; while the cooperation with Golden Region has promoted the adoption of electronic settlement system for transactions in East China Agri-produce Trading Center* (華東(鹽城)農產品交易中心) operated by Golden Region.

In May 2017, the Group entered into agreements with, among which, Zhengzhou Wanbang Electronic Technology Co., Ltd.* (鄭州萬邦電子科技有限公司) ("Zhengzhou Wanbang"), Huaian Mingyuan Agricultural Development Co., Ltd.* (淮安市明遠農業發展有限公司) ("Huaian Mingyuan") and Shandong Garlic Center Agricultural Products Logistic Park Co., Ltd.* (山東蒜都農產品物流園有限公司) ("Shandong Garlic Center"), respectively. The market operated by Zhengzhou Wanbang is the most influential national-scale distribution center of wholesale market at the central region of the PRC which bear the important function of national agricultural logistics hub. The cooperation with Zhengzhou Wanbang marked the recognition of the electronic settlement technology for agriculture product wholesale market developed by Shanghai Runtong by top level agriculture product wholesale dealers in the PRC.

For the year ended 31 December 2017, revenue of the Group's big data service business in agricultural sector was approximately RMB21,614,000, representing approximately 0.13% of the total revenue of the Group, the gross profit was approximately RMB18,185,000, and the gross margin was approximately 84.1%.

COLD CHAIN LOGISTICS BUSINESS

The Group added the cold chain logistics sector to its existing businesses in 2017. On 16 November 2017, the Group officially completed the acquisition of target equity interest in Nanjing Baoze Equity Investment Fund Co., Limited* (南京寶澤股權投資基金股份有限公司) ("Nanjing Baoze") and holds approximately 51% of the total equity interest in Nanjing Baoze in aggregate, thereby obtaining the control over Qingjiang Cold Chain (now known as Nanjing Dasheng Cold Chain Logistics Co., Limited* (南京大生冷鏈物流股份有限公司)).

Dasheng Cold Chain, indirectly owned by the Company, is the second largest cold storage warehouse in Nanjing City with a cold storage capacity of 120,000 tonnes and average occupancy rate of over 95%. It mainly conducts transactions with major wholesalers in the market and its products include imported poultry, pork, beef, seafood, etc., with business coverage in Northern Jiangsu, Northern Anhui, certain regions in Southern Jiangsu, Eastern Jiangsu and Shandong.

For the year ended 31 December 2017, revenue of the Group's cold chain logistics business was approximately RMB58,511,000, representing approximately 0.36% of the total revenue of the Group, the gross profit was approximately RMB29,847,000, and the gross margin was approximately 51.0%.

OTHER INCOME AND GAINS

For the year ended 31 December 2017, other income and gains were approximately RMB73,281,000 (year ended 31 December 2016: approximately RMB27,135,000), representing an increase of 170.06%, which was mainly due to the sharp increase in interest income.

DISTRIBUTION COSTS

For the year ended 31 December 2017, the Group's distribution costs were approximately RMB27,220,000 (year ended 31 December 2016: approximately RMB10,651,000), representing an increase of 155.56% as the storage cost rose during the last year.

ADMINISTRATIVE AND OTHER EXPENSES

For the year ended 31 December 2017, the Group's administrative and other expenses were approximately RMB221,182,000 (year ended 31 December 2016: approximately RMB92,040,000). Administrative and other expenses increased sharply by around 140.31% on a year-to-year basis, which was mainly due to the significant increase in staff costs and impairment loss, including the provision for impairment of assets made by the Company in relation to the "agricultural big-data service business" of approximately RMB74,560,000.

IMPAIRMENT LOSS ON TRADE AND OTHER RECEIVABLES

For the year ended 31 December 2017, the Group recognised in profit and loss the provision for impairment on trade and other receivables amounting to approximately RMB2,178,654,000.

The reason that the Company made such provision for impairment on trade and other receivables was that, the businesses of certain customers of the Company have been significantly affected by the CEFC Events and Shenzhen Dasheng Event since 1 March 2018, as detailed in the announcements dated on 30 April 2018 and 28 May 2018 respectively.

FINANCE COSTS

For the year ended 31 December 2017, the Group's finance costs were approximately RMB71,868,000 (year ended 31 December 2016: approximately RMB46,015,000).

(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the year ended 31 December 2017, the Group's loss for the year attributable to owners of the Company was approximately RMB1,520,116,000 (year ended 31 December 2016: profit for the year attributable to owners of the Company approximately RMB307,082,000), representing a decline of approximately 595.02% as compared with the corresponding period of last year. The basic loss per share attributable to owners of the Company during the period were approximately RMB0.179 (year ended 31 December 2016: earnings per share attributable to owners of the Company approximately RMB0.043), representing a decrease of approximately 516.28% as compared with the corresponding period of last year.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Capital Structure

As of 31 December 2017, the Group had total assets less current liabilities of approximately RMB3,042,563,000 (31 December 2016: approximately RMB3,432,928,000), including non-current assets of approximately RMB2,301,407,000 (31 December 2016: approximately RMB1,633,242,000) and net current assets of approximately RMB741,156,000 (31 December 2016: approximately RMB1,799,686,000).

As of 31 December 2017, the Group's equity attributable to owners of the Company was approximately RMB2,042,522,000 representing a decline of approximately 33.51% as compared to RMB3,071,861,000 in 2016.

Liquidity and Financial Resources

As at 31 December 2017, the Group had restricted bank deposits and cash equivalents of approximately RMB1,329,364,000 (31 December 2016: approximately RMB1,645,739,000) in total.

As at 31 December 2017 and 31 December 2016, the Group had long-term borrowings of RMB500,000,000 and RMB nil, respectively, and short-term borrowings of RMB2,423,199,000 and RMB1,707,746,000, respectively.

As at 31 December 2017 and 31 December 2016, debt asset ratios were approximately 71.4% and 64.3%, 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 it will closely monitor the fluctuation of the exchange rates of the relevant foreign currencies against Renminbi.

Contingent Liabilities

As at 31 December 2017 and 31 December 2016, details of contingent liabilities are set out in note 38 to the financial statements.

Pledge of Assets

As at 31 December 2017, the Group's payments for leasehold land held for own use under operating leases with a net book value of approximately RMB7,865,000 (31 December 2016: RMB8,042,000) were pledged as security for the Group's bank borrowings. As at 31 December 2017, property, plant and equipment and investment properties with carrying value of approximately RMB509,778,000 (31 December 2016: RMB52,496,000) were pledged as security for the Group's borrowings. As at 31 December 2017, the gross trade receivable and the net trade receivable of approximately RMB1,687,475,000 and RMB1,079,029,000, respectively (31 December 2016: RMB700,070,000 and RMB700,070,000, respectively) were pledged as security for the Group's borrowings. As at 31 December 2017, equity interests of a subsidiary were pledged to certain borrowings of the Group. As at 31 December 2017, the Group had restricted bank deposits of approximately RMB536,682,000 (31 December 2016: RMB146,904,000) 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 2017, the Group had 848 employees (31 December 2016: 489 employees). During the period under review, total employee remuneration (including directors' remuneration) amounted to approximately RMB123,825,000 (year ended 31 December 2016: RMB70,654,000). 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 fund schemes for employees in Hong Kong.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

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

On 5 January 2017, the Company (as purchaser) entered into a conditional agreement with 陳友利 (Chen Youli*) (as vendor) in relation to the acquisition of 35% equity interest of 南京寶澤股權投資基金股份有限公司 (Nanjing Bao Ze Equity Investment Fund Co., Limited*) ("Nanjing Baoze") at a consideration of RMB194,981,520. Nanjing Baoze owns approximately 99.9975% equity interest in 南京大生冷鏈物流股份有限公司 (Nanjing Dasheng Cold Chain Logistics Co., Limited*) (formerly known as 南京清江冷鏈物流股份有限公司 (Nanjing Qingjiang Cold Chain Logistics Co., Limited*)) ("Dasheng Cold Chain"). Details of the said acquisition are set out in the announcement of the Company dated 5 January 2017. The said acquisition was subsequently completed in January 2017.

On 16 March 2017, the Company (as purchaser) further entered into a conditional agreement with 陳友利 (Chen Youli*) (as vendor) in relation to the acquisition of approximately 2.46% equity interest in Nanjing Baoze at a consideration of RMB14,000,000. On the same date, the Company (as purchaser) further entered into a conditional agreement with 張華文 (Zhang Huawen*) (as vendor) in relation to the acquisition of approximately 13.54% equity interest in Nanjing Baoze at a consideration of RMB77,187,964. Upon completion of the two acquisitions, the Company will hold in aggregate of approximately 51% equity interest in Nanjing Baoze and Nanjing Baoze and Dasheng Cold Chain will become non-wholly-owned subsidiaries of the Company. Details please refer to the announcement of the Company dated 16 March 2017. In April 2017, the Company appointed 3 directors in Nanjing Baoze, accordingly it is considered that the Company has control over the board of Nanjing Baoze and the financial results of Nanjing Baoze and Dasheng Cold Chain shall be consolidated into the financial statements of the Company since then although the completion of the acquisition has taken place in November 2017.

On 22 February 2017, the Group entered into a capital increase agreement with 深圳市永匯聚投資諮詢有限公司 (Shenzhen Yong Hui Ju Investment Consultation Co., Ltd.*) ("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 瑞盈信融(深圳)融資租賃有限公司 (Ever Fortune Financial Leasing Co., Ltd.*) ("Ever Fortune") 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%. The said capital increase subsequently became effective on February 2017. Details of the said capital increase are set out in the announcement of the Company dated 22 February 2017.

On 19 April 2017, the Group entered into a joint venture agreement with 濰坊市國維匯金投資有限公司 (Weifang Guowei Huijin Investment Co., Ltd.*) and SZ Yonghuiju in relation to the establishment of a joint venture company, namely 國維瑞盈(濰坊)融資租賃有限公司(Guowei Ruiying (Weifang) Financial Leasing Co., Limited*) (the "JV Company"). Pursuant to the said joint venture agreement, the JV Company would be established with registered capital of RMB200 million. The Group would contribute 44% of the registered capital of the JV company i.e. RMB88 million. The formation of the JV company was completed on June 2017. Details of which are set out in the announcements of the Company dated 19 April 2017 and 5 June 2017.

On 28 December 2017, the Company entered into a joint venture articles with 廈門長諾資產管理有限公司 (Xiamen Changnuo Assets Management Company Limited*) ("Xiamen Changnuo") and 上海首農投資控股有限公司 (Shanghai Shounong Investment Holding Company Limited*) ("Shanghai Shounong") in respect of the formation of a joint venture company, namely 上海首農大生股權投資基金管理有限公司 (Shanghai Shounong Dasheng Investment Fund Management Company Limited*) ("Shounong Dasheng"). Pursuant to the joint venture articles, Shounong Dasheng would be established with the registered capital of RMB50 million, which is contributed and owned as to 40%, 40% and 20% by the Company, Shanghai Shounong and Xiamen Changnuo, respectively. The formation of Shounong Dasheng was completed on January 2018. Details of which are set out in the announcement of the Company dated 28 December 2017.

USE OF PROCEEDS FROM THE PLACING AND THE SUBSCRIPTION OF SHARES

The net proceeds from the subscription and placing of the Company's H shares during the year ended 31 December 2016, after deducting share issuance expenses amounted to approximately HKD1,615 million. The respective uses of the net proceeds up to 31 December 2017 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, promoting Yingdian Life Card, and recruitment of staff	100,000	50,000	50,000
Repayment of the Group's indebtedness	600,000	600,000	—
General working capital	126,000	126,000	—
Total	1,615,000	1,449,000	166,000

The Group has used the proceeds according to the intended use and there was a remaining balance of the net proceeds of HKD166 million as at 31 December 2017. Such unused net proceeds were placed in bank deposit accounts and will be applied according to the revised use of proceeds as stated in the announcement of the Company dated 6 February 2018 in relation to the change in use of proceeds from the subscription and placing of the Company's H shares during the year ended 31 December 2016.

On 27 February 2017, 450,000,000 and 550,000,000 new domestic shares of RMB0.10 each were allotted and issued for cash at the subscription price of RMB0.5708 (equivalent to HK$0.65) per domestic share to Shenzhen Dasheng Agricultural Group Co., Ltd. and Zhenjiang Runde Equity Investment Fund Ltd., respectively. The proceeds were proposed to use to finance the development of the Group's agricultural finance business, agricultural trading related business and potential investment in, acquisition of and/or establishment of joint ventures.

The net proceeds from the subscription of the Company's domestic shares during the year ended 31 December 2017, after deducting share issuance expenses amounted to approximately RMB569 million (equivalent to approximately HKD648 million). The respective uses of the net proceeds up to 31 December 2017 were as follows:

		Net Proceeds from the subscription		
		Available	**Used**	**Not used**
		HKD'000	HKD'000	HKD'000
(a)	be applied as principal for developing the Group's agricultural finance business through capital increase in Shenzhen Dasheng Financial Holding Company Limited	479,000	399,000	80,000
	(i) be applied towards Ever Fortune	160,000	160,000	—
	(ii) be applied towards Ruiying Xinrong (Shenzhen) Commercial Factoring Co., Limited	239,000	239,000	—
	(iii) be applied towards the investment in joint venture(s) engaging in microlending business in the PRC	80,000	—	80,000
(b)	be applied towards the potential investment in, acquisition of and/or establishment of joint ventures	160,000	—	160,000
(c)	be applied towards capital increase in Shanghai Dasheng Agriculture Products Investment Holding Company Limited for investment in agricultural trading related business	9,000	9,000	—
		648,000	408,000	240,000

The Group has used the proceeds according to the intended use and there was a remaining balance of the net proceeds of HKD240 million as at 31 December 2017. Such unused net proceeds were placed in bank deposit accounts and will be applied according to the revised use of proceeds as stated in the announcement of the Company dated 6 February 2018 in relation to the change in use of proceeds from the subscription of the Company's domestic shares during the year ended 31 December 2017.

Biographical Details of Directors, Supervisors and Senior Management

BOARD OF DIRECTORS

Executive Directors

Mr. Lan Huasheng (蘭華升) ("Mr. Lan"), aged 46, 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"). He is currently the chairman of the board and group general manager of 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) ("Mr. Mo"), aged 39, 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) ("Mr. Wang"), aged 56, has served as executive Director and vice president of the Company since June 2014. 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 Directors

Mr. Zhu Tianxiang (朱天相) ("Mr. Zhu"), aged 46, has served as non-executive Director since June 2015. He is also a member of the audit committee of the Company and a director of Shenzhen Dasheng Financial Holding Company Limited, a wholly owned subsidiary of the Company. He is currently the general manager of Shangdong Jiangquan Industry Co,Ltd（山東江泉實業股份有限公司）(Shanghai Stock Exchange: 600212) the securities of which is listed on the Shanghai Stock Exchange. 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 was the group general manager of Shenzhen Dasheng, a substantial shareholder of the Company, from May 2015 to June 2018. 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 (鐘卓明) ("Mr. Chung"), aged 55, 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) ("Mr. Zhou"), aged 56, 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) ("Mr. Yang"), aged 50, 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 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) and Baolingbao Biology Co., Ltd.* (保齡寶生物技術股份有限公司) (Shenzhen Stock Exchange: 002286). Mr. Yang resigned as an independent director or New Trend International Logis-tech Co., Ltd.* (深圳市今天國際物流技術股份有限公司) on October 2016 and WWW.36.CN (Shenzhen) Technology Co., Ltd. (深圳市萬泉河科技股份有限公司) on September 2016, the securities of which are listed on the Shenzhen Stock and New OTC market, respectively. 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 47, 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 72, 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 46, has served as an independent Supervisor of the Company since June 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. Sun Ting (孫婷), aged 32, has been elected as a staff representative supervisor of the Company in July 2018. She has served as an outreach deputy manager of the integrated management department of the Company since January 2017. Ms. Sun joined the Company in May 2008 and has served various positions within the Company, including administrative assistant, external liaison commissioner and outreach procurement supervisor. Ms. Sun graduated from Xidian University (online course) in the PRC specialising in business management in September 2008.

Mr. Wang Bin (王濱), aged 50, has been elected as a staff representative supervisor of the Company in July 2018. He has served as a personal secretary to chairman of the Board since May 2016. Mr. Wang joined the Company in June 2011 and has served as a driver and an administrative assistant. Mr. Wang obtained a technical secondary school diploma from Chinese People's Liberation Army Equipment Command and Technology College*, formerly known as National Defense Science and Technology College* (中國人民解放軍裝備指揮技術學院，前身名為「國防科工委指揮技術學院」) in the PRC in July 1991.

SENIOR MANAGEMENT

Mr. Qian Di (錢迪), aged 36, 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 52, 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 2017.

The manner in which the code provisions in the CG Code are applied and implemented during the year ended 31 December 2017 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 2017.

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 21 to 24 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 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 2017 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
Mr. Yang Gaoyu
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.

Save as disclosed in the "Biographical Details of Directors, Supervisors and Senior Management" section of this annual report, 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 2017, the Board convened a total of twenty one 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 2017 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)	21/21				4/4
Mr. Mo Luojiang (Chief Executive Officer)	21/21		1/1		4/4
Mr. Wang Liguo (Vice President)	21/21				4/4
Non-executive Director:					
Mr. Zhu Tian Xiang	21/21			4/4	4/4
Independent Non-executive Directors:					
Mr. Chung Cheuk Ming	21/21	2/2	1/1	4/4	4/4
Mr. Yang Gaoyu	21/21	2/2	1/1	4/4	4/4
Mr. Zhou Jianhao	21/21	2/2	1/1	4/4	4/4

* *In 2017, the Company convened one annual general meeting, one extraordinary 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 2017, 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. 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 Huasheng	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 Mr. Yang Gaoyu.

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 2017 and make recommendations to the Board on the remuneration packages of individual directors and senior management with reference to the corporate objectives.

The remuneration of members of the senior management by band for the year ended 31 December 2017 is set out below:

Remuneration band(s)	Number of individuals
Nil to HK$1,000,000	2

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, Mr. Yang Gaoyu 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.

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, Mr. Yang Gaoyu and Mr. Zhou Jianhao and one non-executive Director, namely, Mr. Zhu Tianxiang. The chairman of the Audit Committee is Mr. Chung Cheuk Ming.

The Audit Committee held 4 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 2017 and the audited annual results for the year ended 31 December 2017 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 2017, the remuneration paid/payable to the Company's external auditor for its statutory audit services and non-audit services were RMB4,415,000 and RMB50,000, respectively. The non-audit services mainly included the work on continuing connected transactions.

DIRECTORS' AND AUDITORS' 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 52 to 53 of this report.

GOING CONCERN BASIS

The auditors of the Company does not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2017 due to the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements. For details in relation to the material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern, please refer to "Basis for Disclaimer of Opinion" in the Independent Auditor's 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 2017 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; to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; 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 12 October 2018. 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 EGM held on 20 January 2017, the articles of association of the Company was amended. The amendments to the articles of association of the Company included, among others, reflecting the changes in the registered capital of the Company as a result of subscription of shares and placing of shares. 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 2017.

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 2017. 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 2017, the supervisory committee of Shanghai Dasheng Agriculture Finance Technology Co.,Ltd. (the "Supervisory Committee") 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. CHANGES IN MEMBERS OF THE SUPERVISORY COMMITTEE

On 20 November 2017, Ms. Zhao Liping resigned as staff representative supervisor of the Company (the "Supervisor"). Upon democratic election at the staff representative meeting of the Company held on 20 November 2017, Ms. Xu Miaojie was elected as a staff representative Supervisor of the fifth session of the Supervisory Committee with effect from the same day.

On 26 July 2018, Mr. Jiang Feng and Ms. Xu Miaojie resigned as staff representative Supervisors. Upon democratic election at the staff representative meeting of the Company held on 26 July 2018, Ms. Sun Ting and Mr. Wang Bin were elected as staff representative Supervisors of the fifth session of the Supervisory Committee with effect from the same day.

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 2017, 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 2017 were audited by BDO Limited, who do not express an opinion on the consolidate financial statements of the Group for the year due to the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements. 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, 31 July 2018

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 2017.

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, agricultural big data services business and cold chain logistics services business. The activities of its subsidiaries are set out in note 34 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 2017 are set out in the consolidated statement of comprehensive income on page 54.

The state of affairs of the Group and of the Company as at 31 December 2017 are set out in the consolidated and company statement of financial position, respectively, on pages 55 to 56 and page 123.

No interim dividend was declared for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

The Board does not recommend the payment of any final dividend for the year ended 31 December 2017 (2016: RMB0.01 per share).

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 31 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 32 to the financial statements, respectively.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company was 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. As at 31 December 2017, there was no distributable reserves available for distribution to equity holders of the Company.

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 Directors

Mr. Zhu Tianxiang

Independent Non-executive Directors

Mr. Chung Cheuk Ming
Mr. Yang Gaoyu
Mr. Zhou Jianhao

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 current session of the Board was elected at the annual general meeting of the Company convened on 23 August 2016. All members of the current 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 21 to 24.

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' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in this annual report, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Group was a party and in which a director or a supervisor of the Company or an entity connected with a director or a supervisor 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 2017, 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 2)*	54.29%	21.06%
	H shares	Interest in controlled corporation	2,295,408,000 *(L)* *(note 1)*	43.44%	26.59%
2. Mr. Lu Tingfu (Supervisor)	domestic shares	Interest in controlled corporation	1,818,013,540 *(L)* *(note 1 and 2)*	54.29%	21.06%
	H shares	Interest in controlled corporation	2,295,408,000 *(L)* *(note 1)*	43.44%	26.59%
3. Mr Wang Liguo (Executive Director)	domestic shares	Interest in controlled corporation	1,530,986,460 *(L)* *(note 3)*	45.71%	17.73%

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 1,818,013,540 domestic shares and 2,295,408,000 H shares of the Company, respectively. As HK Dasheng Investment is wholly owned by Shenzhen Dasheng, which in turn is owned as to 70% by Shenzhen Qianhai Dasheng Equity Investment Fund Co., Ltd. ("Qianhai Dasheng") and 30% by Dasheng Holdings Limited ("Dasheng Holdings"), and each of Qianhai Dasheng and Dasheng Holdings is owned as to 70% and 30% by Mr. Lan Huasheng and Mr. Lu Tingfu, respectively. By virtue of the SFO, Mr. Lan Huasheng and Mr. Lu Tingfu are deemed to be interested in 1,818,013,540 domestic shares and 2,295,408,000 H shares of the Company held by Shenzhen Dasheng and HK Dasheng Investment, respectively.

(2) 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.

(3) 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 1,530,986,460 domestic shares of the Company held by Zhenjiang Runde.

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

As at 31 December 2017, the persons (not being a Director, Supervisor or chief executive of the Company) or companies had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept under section 336 of the SFO, or who were deemed to be interested, directly and/or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were listed as follows:

Name of Shareholders	Type of shares	Capacity	Total number of shares and underlying shares	Approximate percentage of shareholding in such class of shares of the Company	Approximate percentage of shareholding in the issued shares capital of the Company
1. Qianhai Dasheng	domestic shares	Interest in controlled corporation	1,818,013,540 *(L)* *(note 1 and 2)*	54.29%	21.06%
	H shares	Interest in controlled corporation	2,295,408,000 *(L)* *(note 1)*	43.44%	26.59%
2. Dasheng Holdings	domestic shares	Interest in controlled corporation	1,818,013,540 *(L)* *(note 1 and 2)*	54.29%	21.06%
	H shares	Interest in controlled corporation	2,295,408,000 *(L)* *(note 1)*	43.44%	26.59%
3. Shenzhen Dasheng	domestic shares	Interest in controlled corporation	1,818,013,540 *(L)* *(note 1 and 2)*	54.29%	21.06%
	H shares	Interest in controlled corporation	2,295,408,000 *(L)* *(note 1)*	43.44%	26.59%
4. HK Dasheng Investment	H shares	Beneficial owner	2,295,408,000 *(L)*	43.44%	26.59%
5. Zhenjiang Runde	domestic shares	Beneficial owner	1,530,986,460 *(L)*	45.71%	17.73%
6. 北京信宸股權投資基金(有限合夥)	H shares	Beneficiary of a trust	418,736,000 *(L)*	7.92%	4.85%
7. 中誠信託有限責任公司誠信海外配置82號	H shares	Beneficiary of a trust	418,736,000 *(L)*	7.92%	4.85%

L = Long position

Notes:

(1) HK Dasheng Investment is wholly owned by Shenzhen Dasheng, which in turn is owned as to 70% by Qianhai Dasheng and 30% by Dasheng Holdings, and each of Qianhai Dasheng and Dasheng Holdings is owned as to 70% and 30% by Mr. Lan Huasheng and Mr. Lu Tingfu, respectively. By virtue of the SFO, Qianhai Dasheng and Dasheng Holdings are deemed to be interested in 1,818,013,540 domestic shares and 2,400,000,000 H shares of the Company held by Shenzhen Dasheng and HK Dasheng Investment, respectively, and Shenzhen Dasheng is deemed to be interested in the 2,400,000,000 H shares held by HK Dasheng Investment.

(2) 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.

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 2017.

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	8.37%
– five largest customers combined	28.42%
Purchases	
– the largest supplier	9.74%
– five largest suppliers combined	33.39%

None of the Directors, their close 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 2017.

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 2017.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTION

During the year, the Group had the following connected transactions and continuing connected transaction. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Connected Transactions

Subscription of Shares

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 22 February 2017, the Group entered into a capital increase agreement with 深圳市永匯聚投資諮詢有限公司 (Shenzhen Yong Hui Ju Investment Consultation Co., Ltd.*) ("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 瑞盈信融(深圳)融資租賃有限公 司 (Ever Fortune Financial Leasing Co., Ltd.*) ("Ever Fortune") 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%.

SZ Yonghuiju is a substantial shareholder of Ever Fortune, an indirect non wholly-owned subsidiary of the Company. Accordingly, SZ Yonghuiju is a connected person of the Company at subsidiary level. The transactions under the capital increase agreement constitute connected transactions of the Company at the subsidiary level under the Listing Rules. The said capital increase subsequently became effective on February 2017. Details of the said capital increase are set out in the announcement of the Company dated 22 February 2017.

Formation of Joint Venture Companies

On 19 April 2017, the Group entered into a joint venture agreement with 濰坊市國維匯金投資有限公司 (Weifang Guowei Huijin Investment Co., Ltd.*) and SZ Yonghuiju in relation to the establishment of a joint venture company, namely 國維瑞盈(濰坊)融資租賃有限公司 (Guowei Ruiying (Weifang) Financial Leasing Co., Limited*) (the "JV Company"). Pursuant to the said joint venture agreement, the JV Company would be established with registered capital of RMB200 million. The Group would contribute 44% of the registered capital of the JV company i.e. RMB88 million. SZ Yonghuiju is a substantial shareholder (as defined in the Listing Rules) of Ever Fortune, an indirect non wholly-owned subsidiary of the Company. Accordingly, SZ Yonghuiju is a connected person of the Company at subsidiary level. The transactions under the JV Agreement constitute connected transactions of the Company at the subsidiary level under the Listing Rules. The formation of the JV Company was completed on June 2017. Details of which are set out in the announcements of the Company dated 19 April 2017 and 5 June 2017.

On 28 December 2017, the Company entered into a JV Articles with 廈門長諾資產管理有限公司 (Xiamen Changnuo Assets Management Company Limited*) ("Xiamen Changnuo") and 上海首農投資控股有限公司 (Shanghai Shounong Investment Holding Company Limited*) ("Shanghai Shounong") in respect of the formation of a joint venture company, namely 上海首農大生股權投資基金管理有限公司 (Shanghai Shounong Dasheng Investment Fund Management Company Limited*) ("Shounong Dasheng "). Pursuant to the JV Articles, Shounong Dasheng would be established with the registered capital of RMB50 million, which is contributed and owned as to 40%, 40% and 20% by the Company, Shanghai Shounong and Xiamen Changnuo, respectively. Shanghai Shounong was indirectly held as to 49% by Shenzhen Dasheng, Shanghai Shounong was then an associate of Shenzhen Dasheng, Mr. Lan Huasheng and Mr. Lu Tingfu. Therefore, Shanghai Shounong was a connected person of the Company and the transactions contemplated under the JV Articles constitute connected transactions of the Company under the Listing Rules. Details of the transaction are set out in the announcement of the Company dated 28 December 2017.

Set Off Agreement and Four-Party Agreement

On 9 June 2017, Ever Fortune, Nanjing Dasheng Modern Agriculture Holdings Co., Limited* ("Nanjing Dasheng"), 茂碩電源科技股份有限公司 (Moso Power Supply Technology Co., Ltd.*) ("Moso Power") and 瑞盈茂碩融資租賃(深圳)有限公司 (Ruiying Maoshuo Finance Lease (Shenzhen) Co., Limited*) ("Ruiying Maoshuo") had entered into the Four-Party Agreement, pursuant to which, the parties agreed that the obligation of Nanjing Dasheng to pay the 2016 Lease Payment to Ruiying Maoshuo under the 2016 Finance Lease Agreements shall be novated to Ever Fortune, which will be set off by the RM Consideration, being the consideration of 30% equity interest in Ruiying Maoshuo sold by Ever Fortune to Moso Power. On the same date, Ever Fortune and Nanjing Dasheng also entered into the Set-off Agreement for formalising the set-off arrangement as stipulated in the Four-Party Agreement and payment arrangement of the Consideration.

Ruiying Maoshuo is a sino-foreign equity joint venture, which is an associate company of the Company. Ever Fortune is one of the parties to form the said joint venture. Nanjing Dasheng is a non-wholly owned subsidiary of Shenzhen Dasheng, the substantial shareholder of the Company, Nanjing Dasheng is an associate of Shenzhen Dasheng, Mr. Lan Huasheng and Mr. Lu Tingfu. The Set-off Agreement and Four-Party Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Details of which are set out in the announcement of the Company dated 9 June 2017.

Continuing Connected Transactions

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.

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.

On 2 March 2017, Ever Fortune entered into the finance lease agreements with Nanjing Dasheng, pursuant to which, Ever Fortune has conditionally agreed to purchase the asset from Nanjing Dasheng at a consideration of RMB55 million, which would then lease back to Nanjing Dasheng 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 2 March 2017.

On 9 June 2017, Ever Fortune entered into a finance lease agreements with Nanjing Dasheng, pursuant to which Ever Fortune has conditionally agreed to purchase the asset from Nanjing Dasheng at a consideration of RMB17 million, which would then leaseback to Nanjing Dasheng for a term of three years. As Nanjing Dasheng is a non-wholly owned subsidiary of Shenzhen Dasheng, the substantial shareholder of the Company, Nanjing Dasheng 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 transactions contemplated under finance lease agreements constitute continuing connected transactions of the Company. Relevant details were set out in the announcement of the Company dated 9 June 2017.

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 PARTY TRANSACTIONS

A summary of related party transactions entered into by the Group during the year ended 31 December 2017 are disclosed in note 39 to the financial statements. Other than the transactions disclosed in the section headed "Connected Transactions and Continuing Connected Transactions" 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	
	2017	2016
Functions:		
Management	**93**	82
Sales and Marketing	**80**	65
Accounting and finance	**82**	48
Administration and human resources	**66**	39
Legal	**13**	8
Information system	**3**	1
Technical and quality control	**39**	22
Storage centre	**28**	11
Civil Engineer	**199**	161
Construction workers	**245**	52
Total	**848**	489

As at 31 December 2017, the Group had 848 staff (2016: 489 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 RMB123,825,000 (2016: RMB70,654,000). Details of the emoluments of the Directors, supervisors and five highest paid individuals during the year ended 31 December 2017 are set out in note 11 to the financial statements.

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.

EMPLOYEE RETIREMENT SCHEMES

The Company participates in a mandatory provident fund scheme, which was registered under the Hong Kong Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme and is funded by contributions from employer and employees in accordance with the provisions of the MPF Ordinance. No forfeited contribution may be used by the employer to reduce the contribution payable in the future years.

Furthermore, the employees of the Group in the PRC are members of state-managed defined contribution retirement benefits schemes operated by the local governments. The employers and the employees are obliged to make contributions at a certain percentage of the payroll under the rules of the schemes.

Details of the pension scheme contributions of the Group for the year ended 31 December 2017 are set out in Note 4(t)(ii) and note 10 to the financial statements.

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.

Default and Late Payment Risk

The businesses of certain customers of the Company have been significantly affected by the CEFC Events and Shenzhen Dasheng Event as detailed in the note 24(f) to the financial statements. The Company is thus exposed to the risk that customers may delay or even be unable to pay us when the payments are due. These may put our cash flow and working capital under pressure. In addition, defaults in customers' payments can materially and adversely affect operation results of the Company and reduce our financial resources that would otherwise be available to fund other expenditures.

Financial Risk

The principal financial risks are set out in Note 40 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, either directly or indirectly, 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.

Pursuant to Rule 13.46(2)(a) of the Listing Rules, the Company is required to send annual report including the financial statements of the Group for the year ended 31 December 2017 and a copy of the auditors' report thereon (the "2017 Annual Report") to its shareholders not less than 21 days before the date of the annual general meeting of the Company (the "AGM") and in any event not more than four months after the end of the financial year to which they relate, being 30 April 2018. Also, pursuant to the articles of association of the Company and Rule 13.46(2)(b) of the Listing Rules, the Company should convene the AGM and lay its annual financial statements at the AGM before 30 June 2018. Given to the publication of the revised results announcement of the Company for the year ended 31 December 2018, the despatch of the 2017 Annual Report and the convening of the AGM will be delayed and such delay will constitute non-compliance with Rule 13.46(2) of the Listing Rules and the articles of association of the Company.

During the year ended 31 December 2017 and up to date of this report, save as disclosed in this annual report, 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 2017 and up to the date of this report are set out in note 43 to the financial statements.

AUDITOR OF THE COMPANY

The financial statements for the year ended 31 December 2017 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, 31 July 2018

Independent Auditor's Report

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

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Shanghai Dasheng Agriculture Finance Technology Co., Ltd. (the "Company") and its subsidiaries (together the "Group") set out on pages 54 to 142, which comprise the consolidated statement of financial position as at 31 December 2017, 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.

We do not express an opinion on the consolidated financial statements of the Group due to the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements and because we have not been able to obtain sufficient appropriate audit evidence as described in the "Basis for Disclaimer of Opinion" section of our report. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

(1) Multiple uncertainties relating to going concern

As described in Note 3 to the consolidated financial statements, the Group reported loss attributable to the owners of the Company of approximately RMB1,520,116,000 and had net cash used in operating activities of approximately RMB1,859,361,000 for the year ended 31 December 2017. As at 31 December 2017, the Group's total borrowings amounted to approximately RMB2,923,199,000, of which approximately RMB2,423,199,000 were classified as current liabilities, while its cash and cash equivalents amounted to approximately RMB563,296,000 only.

BASIS FOR DISCLAIMER OF OPINION *(continued)*

(1) Multiple uncertainties relating to going concern *(continued)*

Subsequent to the end of the reporting period, approximately RMB544,807,000 of the Group's borrowings were overdue but the Group has not been able to obtain extensions of repayments thereof prior to the date of approval of these financial statements. These overdue borrowings, of which approximately RMB80,060,000 were outstanding as at 31 December 2017 and approximately RMB464,747,000 were drawn by the Group subsequent to 31 December 2017 were immediately repayable at the date of this report. Furthermore, in May 2018, certain lenders of the Group's borrowings not included in the above total overdue balance, with a principal in aggregate of approximately RMB870,000,000 (the "Called Borrowings"), demanded the Group to make immediate repayments before their respective due dates, due to the Group's default in repayments of other borrowings from those lenders which constitute events of default under the respective borrowing agreements. The Called Borrowings comprise the Group's borrowings of approximately RMB540,000,000 outstanding as at 31 December 2017 and borrowings of approximately RMB330,000,000 drawn by the Group subsequent to 31 December 2017. On 5 June 2018, the lender of the Called Borrowings with a principal of approximately RMB300,000,000 drawn by the Group subsequent to 31 December 2017 mentioned above issued and filed a statement of claim against a wholly-owned subsidiary of the Company for a breach of loan agreement due to default in repayment of the loan and all related interests. Up to the date of approval of this report, the Called Borrowings have not been repaid by the Group.

On 23 April 2018, a bank issued and filed three statements of claim (the "Statements of Claim"), one of which against Shanghai Dasheng Agricultural Products Co., Ltd. and two of which against Shanghai Dasheng Agro-chemical Co., Ltd., both are wholly-owned subsidiaries of the Company, for a breach of loan agreements due to default in repayments of loans in an aggregate principal amount of approximately RMB90,000,000 and all related interests (collectively, the "Legal Proceedings"). These loans comprise the Group's borrowings of approximately RMB40,000,000 outstanding as at 31 December 2017 and borrowings of approximately RMB50,000,000 drawn by the Group subsequent to 31 December 2017 upon maturity of bills payable of approximately RMB72,000,000 included in the Group's trade and other payables as at 31 December 2017 and was not included in the above-mentioned loans. The hearings of the Legal Proceedings, which were originally scheduled on 21 June 2018, were rescheduled and new hearing dates have yet to be set, up to the date of this report.

Furthermore, in respect of the Group's borrowings not mentioned above in aggregate of RMB1,168,560,000 as at 31 December 2017, certain undertakings given by the related guarantors, being the Company and/or Shenzhen Dasheng Agricultural Group Co., Ltd. ("Shenzhen Dasheng"), were breached subsequent to the end of the reporting period. Should that constitute or have become event of default under the respective borrowing agreements, these might cause those borrowings, of which an aggregate amount of approximately RMB450,000,000 had original contractual repayment dates beyond 31 December 2018, to become immediately repayable and the said amount of RMB450,000,000 might be classified as current liabilities accordingly.

All of the above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

BASIS FOR DISCLAIMER OF OPINION *(continued)*

(1) Multiple uncertainties relating to going concern *(continued)*

The directors of the Company have been undertaking a number of plans and measures to improve the Group's liquidity and financial position, which are set out in Note 3 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these plans and measures, which are subject to multiple uncertainties, including (i) the successful negotiations with the lenders for the renewal of or extensions for repayments of the Group's borrowings, including those with overdue principals and interests thereon; and (ii) the successful implementation of the Company's disposal plan of Nantong Road and Bridge Engineering Co., Ltd., a non-wholly owned subsidiary of the Company.

Should the Group fail to achieve the above mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

(2) Impairments of trade and other receivables

As set out in Note 24 to the consolidated financial statements, the Group recognised impairment loss of approximately RMB816,502,000, RMB29,091,000, RMB1,259,879,000 and RMB30,174,000 against its trade receivables, finance lease receivables, factoring loan receivables and held-to-maturity financial assets, respectively, as at 31 December 2017. Management made these impairments after taking into consideration certain facts and circumstances as further described in Note 24 to the consolidated financial statements, including but not limited to, news about the liquidity problem of China CEFC Energy Company Limited ("China CEFC") and Shenzhen Dasheng, as well as its consequential impacts on (i) settlements of the Group's trade receivables, finance lease receivables and factoring loan receivables by these customers; and (ii) the recovery of the carrying amount of the Group's held-to-maturity financial assets.

However, the directors of the Company were unable to provide us with satisfactory explanation about the bases for estimating the expected timing and amounts of settlements from the above customers or counterparties and hence the recognised amounts of impairment of trade receivables, finance lease receivables, factoring loan receivables and held-to-maturity financial assets amounting to approximately RMB816,502,000, RMB29,091,000, RMB1,259,879,000 and RMB30,174,000, respectively, and the related deferred tax assets recognised in aggregate of RMB19,327,000. There were no alternative audit procedures that we could perform to obtain audit evidence to satisfy ourselves as to whether the amounts of impairment of trade receivables, finance lease receivables, factoring loan receivables and held-to-maturity financial assets recognised by the Group were fairly stated. Consequently, we were unable to determine whether any adjustment to these amounts was necessary.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company 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 Hong Kong Institute of Certified Public Accountants ("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 of the Company 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 of the Company 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 responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. 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.

However, due to the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements and because we have not been able to obtain sufficient appropriate audit evidence as described in the "Basis for Disclaimer of Opinion" section of our report, it is not possible for us to form an opinion on these consolidated financial statements.

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.

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

Emphasis of matter

We draw attention to Note 44 of the consolidated financial statements, which describes that the consolidated financial statements of the Group for the year ended 31 December 2017 approved by the board of directors on 20 March 2018 were subsequently amended.

BDO Limited
Certified Public Accountants

Lee Ka Leung, Daniel
Practising Certificate Number P01220

Hong Kong, 31 July 2018

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
Revenue	6	**16,272,891**	14,364,866
Cost of sales		**(15,363,088)**	(13,765,328)
Gross profit		**909,803**	599,538
Other income and gains	7	**73,281**	27,135
Distribution costs		**(27,220)**	(10,651)
Administrative and other expenses		**(221,182)**	(92,040)
Impairment loss on trade and other receivables		**(2,178,654)**	(30,460)
Share of profit of a joint venture	21	**501**	–
Share of profits of associates	20	**4,774**	2,166
Finance costs	8	**(71,868)**	(46,015)
(Loss)/profit before income tax expenses	9	**(1,510,565)**	449,673
Income tax expenses	12	**(163,489)**	(105,064)
(Loss)/profit for the year		**(1,674,054)**	344,609
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**3,320**	(58)
Fair value changes of available-for-sale investments		**(3,265)**	6,750
Total comprehensive income for the year		**(1,673,999)**	351,301
(Loss)/profit for the year attributable to:			
– Owners of the Company		**(1,520,116)**	307,082
– Non-controlling interests		**(153,938)**	37,527
		(1,674,054)	344,609
Total comprehensive income for the year attributable to:			
– Owners of the Company		**(1,519,423)**	311,952
– Non-controlling interests		**(154,576)**	39,349
		(1,673,999)	351,301
(Loss)/earnings per share (expressed in RMB per share)			
– Basic	13	**(0.179)**	0.043
– Diluted	13	**(0.179)**	0.043

Consolidated Statement of Financial Position

As at 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
Assets			
Non-current assets			
Payments for leasehold land held for own use under operating leases	15	**8,728**	8,926
Property, plant and equipment	16	**128,258**	112,178
Construction in progress	17	**826**	–
Investment properties	18	**594,362**	21,317
Intangible assets	19	**441,969**	446,462
Interests in associates	20	**90,315**	93,389
Interests in a joint venture	21	**1,601**	–
Available-for-sale financial assets	22	**20,785**	14,050
Trade and other receivables	24	**965,543**	925,418
Deferred tax assets	30	**49,020**	11,502
Total non-current assets		**2,301,407**	1,633,242
Current assets			
Inventories	23	**118,444**	49,541
Trade and other receivables	24	**4,624,325**	6,067,854
Amounts due from customers for contract work	25	**30,070**	28,185
Restricted bank deposits	26	**766,068**	419,855
Cash and cash equivalents		**563,296**	1,225,884
Total current assets		**6,102,203**	7,791,319
Total assets		**8,403,610**	9,424,561
Liabilities			
Current liabilities			
Trade and other payables	28	**2,737,519**	4,162,742
Amounts due to customers for contract work	25	**60,473**	35,202
Borrowings	29	**2,423,199**	1,707,746
Current tax liabilities		**139,856**	85,943
Total current liabilities		**5,361,047**	5,991,633
Net current assets		**741,156**	1,799,686
Total assets less current liabilities		**3,042,563**	3,432,928

Consolidated Statement of Financial Position

As at 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
Non-current liabilities			
Other payables	*28*	**5,315**	–
Borrowings	*29*	**500,000**	–
Deferred tax liabilities	*30*	**134,166**	70,606
Total non-current liabilities		**639,481**	70,606
Total liabilities		**6,000,528**	6,062,239
NET ASSETS		**2,403,082**	3,362,322
Capital and reserves attributable to owners of the Company			
Share capital	*31*	**863,308**	763,308
Reserves		**1,179,214**	2,308,553
Equity attributable to owners of the Company		**2,042,522**	3,071,861
Non-controlling interests	*34*	**360,560**	290,461
TOTAL EQUITY		**2,403,082**	3,362,322

On behalf of the Board

Lan Huasheng
Director

Mo Luojiang
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Share capital RMB'000	Capital reserve *(note 32(a))* RMB'000	Statutory reserve fund *(note 32(b))* RMB'000	Other reserve *(note 32(c))* RMB'000	Currency translation reserve *(note 32(d))* RMB'000	Available-for-sale investments reserve *(note 32(f))* RMB'000	Retained earnings *(note 32(e))* RMB'000	Equity attributable to owners of the Company RMB'000	Non-controlling interests *(note 34)* RMB'000	**Total** RMB'000
Balance at 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 31(a)(i))*	203,440	1,148,142	–	–	–	–	–	1,351,582	–	1,351,582
Bonus issue *(note 31(a)(ii))*	254,436	(254,436)	–	–	–	–	–	–	–	–
Acquisition of a subsidiary *(note 36)*	–	–	–	–	–	–	–	–	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 34)*	–	–	–	–	–	–	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 and 1 January 2017	**763,308**	**1,294,379**	**152,038**	**17,912**	**(7,868)**	**4,928**	**847,164**	**3,071,861**	**290,461**	**3,362,322**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(1,520,116)**	**(1,520,116)**	**(153,938)**	**(1,674,054)**
Exchange differences on translating foreign operations	**–**	**–**	**–**	**–**	**3,517**	**–**	**–**	**3,517**	**(197)**	**3,320**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**(2,824)**	**–**	**(2,824)**	**(441)**	**(3,265)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**3,517**	**(2,824)**	**(1,520,116)**	**(1,519,423)**	**(154,576)**	**(1,673,999)**
2016 final dividends paid *(note 14)*	**–**	**–**	**–**	**–**	**–**	**–**	**(86,331)**	**(86,331)**	**–**	**(86,331)**
Subscription of shares *(note 31(a)(iii))*	**100,000**	**470,800**	**–**	**–**	**–**	**–**	**–**	**570,800**	**–**	**570,800**
Acquisition of a subsidiary *(note 35)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**226,260**	**226,260**
Capital injection from non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6,640**	**6,640**
Deemed acquisition of additional equity interests in a subsidiary *(note 34)*	**–**	**–**	**–**	**–**	**–**	**911**	**4,704**	**5,615**	**(5,615)**	**–**
Transfer to statutory reserve fund	**–**	**–**	**16,296**	**–**	**–**	**–**	**(16,296)**	**–**	**–**	**–**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,610)**	**(2,610)**
Balance at 31 December 2017	**863,308**	**1,765,179**	**168,334**	**17,912**	**(4,351)**	**3,015**	**(770,875)**	**2,042,522**	**360,560**	**2,403,082**

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
Cash flows from operating activities			
(Loss)/profit before income tax expenses		**(1,510,565)**	449,673
Adjustments for:			
Dividend income		**–**	(1,000)
Interest income		**(36,524)**	(8,411)
Finance costs		**71,868**	46,015
Amortisation of intangible assets		**181**	43
Amortisation of payments for leasehold land held for own use under operating leases		**198**	197
Depreciation of property, plant and equipment		**17,623**	10,387
(Gain)/loss on disposal of property, plant and equipment, net		**(406)**	84
Loss on remeasurement of assets ceased to be classified as held for sales		**–**	2,417
Depreciation of investment properties		**23,019**	1,144
Share of profits of associates		**(4,774)**	(2,166)
Share of profits of a joint venture		**(501)**	–
Impairment loss of property, plant and equipment		**2,491**	–
Impairment loss of interests in associates		**10,262**	–
Impairment loss on trade and other receivables, net		**2,178,654**	30,460
Impairment loss of goodwill		**64,298**	–
Gain on disposals of associates		**(8,243)**	–
Operating profit before working capital changes		**807,581**	528,843
Increase in inventories		**(68,790)**	(15,989)
Increase in trade and other receivables		**(945,145)**	(1,637,245)
(Decrease)/increase in trade and other payables		**(1,482,739)**	345,258
Decrease/(increase) in amounts due from/(to) customers for contract work		**26,670**	(27,609)
Cash used in operations		**(1,662,423)**	(806,742)
Interest paid		**(75,152)**	(56,079)
Income taxes paid		**(121,786)**	(98,451)
Net cash used in operating activities		**(1,859,361)**	(961,272)
Cash flows from investing activities			
Purchase of intangible asset		**(9,301)**	(431)
Purchase of held-to-maturity financial asset		**–**	(61,000)
Purchase of property, plant and equipment and construction in progress		**(13,402)**	(7,482)
Proceeds from disposal of property, plant and equipment		**695**	102
Proceeds from disposal of associates		**1,602**	–
(Increases)/decrease in restricted bank deposits		**(346,213)**	74,440
Interest received		**36,524**	8,411
Acquisition of subsidiaries, net of cash acquired	*35, 36*	**(108,342)**	(31,437)
Capital injection to associates		**(59,000)**	(26,600)
Purchases of an available-for-sale investment		**(10,000)**	(1,500)
Capital injection to a joint venture		**(1,100)**	–
Dividends received from available-for-sale financial assets		**–**	1,000
Deemed disposal of a non-wholly owned subsidiary		**–**	(10,004)
Net cash used in investing activities		**(508,537)**	(54,501)

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
Cash flows from financing activities			
Capital injection from non-controlling interests		**6,640**	70,800
New borrowings		**2,869,163**	1,945,388
Repayment of borrowings		**(1,653,710)**	(1,290,509)
Proceeds from placing and subscription of shares		**570,800**	1,351,582
Acquisition of non-controlling interests		**–**	(113,953)
Dividends paid to owners of the Company		**(86,331)**	(76,630)
Dividends paid to non-controlling interests		**(2,610)**	(7,540)
Net cash generated from financing activities		**1,703,952**	1,879,138
Net (decrease)/increase in cash and cash equivalents		**(663,946)**	863,365
Cash and cash equivalents at beginning of year		**1,225,884**	362,577
Effect of exchange rate changes on cash and cash equivalents		**1,358**	(58)
Cash and cash equivalents at end of year		**563,296**	1,225,884

Notes to the Financial Statements

For the year ended 31 December 2017

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, financial services, agricultural big-data services and cold chain logistics services in the People's Republic of China (the "PRC"). Its parent is Shenzhen Dasheng Agricultural Group Co., Ltd. ("Shenzhen Dasheng") 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 transportation of mass agricultural products, chemical fertilizers and petrochemical products. The Group's agricultural and petrochemical products supply chain service geographically covers the mass agricultural products procurement overseas as well as certain provinces and cities in downstream region of the Yangtze River and certain provinces and cities in Middle and Western China. The financial services that the Group provided include financial leasing and commercial factoring. The Group provides provision of software related services, including installation of payment platform systems, collection of big data and technical support. The Group provides leasing and frozen product services for the cold chain market.

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, the PRC.

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

(a) Adoption of new/revised HKFRSs – effective 1 January 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Except as explained below, the adoption of these new/revised HKFRSs has no material impact on the Group's financial statements.

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. The adoption of the amendments has led to the additional disclosure presented in the notes to the consolidated statement of cash flows, note 42.

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 consolidated 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.

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
Amendments to HKAS 19	Employee Benefits[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 16	Leases[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 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 continue to be permitted.

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a venture capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

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 (Clarifications to HKFRS 15)

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

Amendments to HKAS 40, Investment Property – Transfers of Investment Property

The amendments clarify that to transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred.

The amendments also re-characterise the list of evidence in the standard as a non-exhaustive list, thereby allowing for other forms of evidence to support a transfer.

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 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

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.

HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

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 Directors have commenced a review of the impacts of these new pronouncements and it is not practicable to provide a reasonable estimate of the effect of these new pronouncements until the Directors have completed a detailed review.

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.

(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 out below.

(c) Functional and presentation currency

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

3. BASIS OF PREPARATION *(continued)*

(d) Going concern basis

For the year ended 31 December 2017, the Group reported loss attributable to the owners of the Company of approximately RMB1,520,116,000 and had net cash used in operating activities of approximately RMB1,859,361,000. As at 31 December 2017, the Group's total borrowings amounted to approximately RMB2,923,199,000, of which approximately RMB2,423,199,000 were classified as current liabilities, while its cash and cash equivalents amounted to approximately RMB563,296,000 only.

Subsequent to the end of the reporting period, approximately RMB544,807,000 of the Group's borrowings were overdue but the Group has not been able to obtain extensions of repayments thereof prior to the date of approval of these financial statements. These overdue borrowings, of which approximately RMB80,060,000 were outstanding as at 31 December 2017 and approximately RMB464,747,000 were drawn by the Group subsequent to 31 December 2017 were immediately repayable at the date of this report. Furthermore, in May 2018, certain lenders of the Group's borrowings not included in the above total overdue balance, with a principal in aggregate of approximately RMB870,000,000 (the "Called Borrowings"), demanded the Group to make immediate repayments before their respective due dates, due to the Group's default in repayments of other borrowings from those lenders which constitute events of default under the respective borrowing agreements. The Called Borrowings comprise the Group's borrowings of approximately RMB540,000,000 outstanding as at 31 December 2017 and borrowings of approximately RMB330,000,000 drawn by the Group subsequent to 31 December 2017. On 5 June 2018, the lender of the Called Borrowings with a principal of approximately RMB300,000,000 drawn by the Group subsequent to 31 December 2017 mentioned above issued and filed a statement of claim against a wholly-owned subsidiary of the Company for a breach of loan agreement due to default in repayment of the loan and all related interests. Up to the date of this report, the Called Borrowings have not been repaid by the Group.

On 23 April 2018, a bank issued and filed three statements of claim (the "Statements of Claim"), one of which against Shanghai Dasheng Agricultural Products Co., Ltd. and two of which against Shanghai Dasheng Agro-chemical Co., Ltd., both are wholly-owned subsidiaries of the Company, for a breach of loan agreements due to default in repayments of loans in an aggregate principal amount of approximately RMB90,000,000 and all related interests (collectively, the "Legal Proceedings"). These loans comprise the Group's borrowings of approximately RMB40,000,000 outstanding as at 31 December 2017 and borrowings of approximately RMB50,000,000 drawn by the Group subsequent to 31 December 2017 upon maturity of bills payable of approximately RMB72,000,000 included in the Group's trade and other payables as at 31 December 2017 and was not included in the above-mentioned loans. The hearings of the Legal Proceedings, which were originally scheduled on 21 June 2018, were rescheduled and new hearing dates have yet to be set, up to the date of this report.

3. BASIS OF PREPARATION *(continued)*

(d) Going concern basis *(continued)*

Furthermore, in respect of the Group's borrowings not mentioned above in aggregate of RMB1,168,560,000 as at 31 December 2017, certain undertakings given by the related guarantors, being the Company and/or Shenzhen Dasheng Agricultural Group Co., Ltd. ("Shenzhen Dasheng"), were breached subsequent to the end of the reporting period. Should that constitute or have become event of default under the respective borrowing agreements, these might cause those borrowings, of which an aggregate amount of approximately RMB450,000,000 had original contractual repayment dates beyond 31 December 2018, to become immediately repayable and the said amount of RMB450,000,000 might be classified as current liabilities accordingly.

All of the above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity problem and to improve the Group's financial position, which include, but are not limited to, the following:

(i) The Group has been negotiating with a number of banks and other financial institutions for renewal and extension of bank and other borrowings. Specifically, the Group is in negotiations with the lenders to extend the repayment dates of the overdue borrowings and interests thereon.

(ii) On 21 May 2018, the Company entered into an investment framework agreement (the "IF Agreement") with an independent third party (the "Purchaser") and Nantong Road and Bridge Engineering Co., Ltd. ("Nantong Road and Bridge"), a non-wholly owned subsidiary of the Company, pursuant to which the Company has intended to sell and the Purchaser has intended to purchase part of the equity interest in Nantong Road and Bridge (the "Disposal"). On 4 July 2018, the Company, the Purchaser and Nantong Road and Bridge entered into a supplemental agreement to the IF Agreement to extend the exclusivity period and the validity period of the IF Agreement. Management expects that the Disposal will be completed in December 2018 and the net proceeds received therefrom will improve the Group's liquidity (note 43(f)).

The directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 December 2017. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2017. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method – see note 4(c)).

Any premium paid for an investment in a joint venture 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 investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group accounts for its interests joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

The Company's interests in joint ventures are stated at cost less impairment losses, if any. Results of joint ventures are accounted for by the Company on the basis of dividends received and receivable.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) 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)*

(f) 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.

(g) 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.

(h) 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.

(i) 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 and other 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)*

(i) 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.

(j) 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)*

(k) 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)*

(k) 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)*

(k) 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)*

(l) 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.

(m) 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.

(n) 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.

Stage of completion is estimated with reference to third party surveyor reports.

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)*

(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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Revenue recognition *(continued)*

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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;
- construction in progress;
- investment properties;
- intangible assets with finite lives; and
- investments in subsidiaries, associates and joint venture.

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(e)), 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 22).

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 2017, the chief operating decision maker of the Group considered it was optimistic about the future development and prospect of cold chain business and acquired new business during this year (note 35), which was considered to enrich the Group's portfolio in the area of cold chain business.

The Group now has five 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 chemical fertilizers, fuel oil, mixed aromatics, white sugar, food products and frozen products)
- Financial leasing and commercial factoring
- Agricultural big-data services – provision of software related services, collection and transportation and other services, including installation and technical support of payment platform systems
- Cold chain logistics services – provision of storage and logistic services for frozen products

6. SEGMENT INFORMATION *(continued)*

(a) Operating segments

The operating segments for the year ended 31 December 2017 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	Cold chain logistics services RMB'000	Group RMB'000
Reportable segment revenue from external customers *(note (i))*	1,768,836	14,046,017	377,913	21,614	58,511	16,272,891
Reportable segment profit/(loss)	105,882	(591,983)	(1,094,426)	(104,889)	11,362	(1,674,054)
Interest income	1,522	27,859	430	6,691	22	36,524
Finance costs	11,000	47,868	11,374	40	1,586	71,868
Capital expenditures *(note (ii))*	8,920	943	1,177	833	10,830	22,703
Amortisation of intangible assets	37	–	4	130	10	181
Amortisation of payments for leasehold land held for own use under operating leases	198	–	–	–	–	198
Depreciation of property, plant and equipment	10,425	3,854	606	640	2,098	17,623
Depreciation of investment properties	422	908	–	–	21,689	23,019
Gain/(loss) on disposal of property, plant and equipment, net	304	97	(1)	6	–	406
Share of profits/(losses) of associates	–	5,443	–	(669)	–	4,774
Share of profit of joint ventures	501	–	–	–	–	501
Gain on disposals of interests in associates	–	8,017	226	–	–	8,243
Impairment loss of interests in associates	–	–	–	10,262	–	10,262
Impairment loss on trade and other receivables, net	97,441	758,970	1,288,970	31,678	1,595	2,178,654
Impairment loss of goodwill	–	–	–	64,298	–	64,298
Impairment loss of property, plant and equipment	–	2,491	–	–	–	2,491
Income tax expenses/(credit)	37,604	64,616	64,519	1,401	(4,651)	163,489
Interests in associates	–	87,315	3,000	–	–	90,315
Interests in a joint venture	1,601	–	–	–	–	1,601
Reportable segment assets	3,104,010	1,471,416	2,517,325	552,622	758,237	8,403,610
Reportable segment liabilities	1,976,814	2,114,536	1,533,041	295,111	81,026	6,000,528

6. SEGMENT INFORMATION *(continued)*

(a) Operating segments *(continued)*

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 expenses	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

Notes:

(i) There was no agency services income included in revenue from sale of petrochemical and agricultural products for the year ended 31 December 2017 (2016: RMB13,598,000).

(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 (2016: Nil) contributed to 10% or more revenue to the Group's revenue for the year ended 31 December 2017.

(c) Geographical information

The 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.

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

7. OTHER INCOME AND GAINS

	2017 **RMB'000**	2016 RMB'000
Dividend income from available-for-sale financial assets	**–**	1,000
Gross rental income from investment properties	**3,450**	4,855
Rental income from machineries	**2,798**	2,822
Interest income	**36,524**	8,411
Government grants	**13,095**	7,220
Gain on disposals of property, plant and equipment	**594**	–
Gain on disposals of associates	**8,243**	–
Referral fees	**2,421**	–
Others	**6,156**	2,827
	73,281	27,135

8. FINANCE COSTS

	2017 **RMB'000**	2016 RMB'000
Interest expense on borrowings	**63,340**	45,389
Interest expense on discounted commercial notes	**1,456**	1,404
Others	**17,488**	9,286
Total finance costs	**82,284**	56,079
Less: amount capitalised *(note)*	**(10,416)**	(10,064)
	71,868	46,015

Note: Borrowing costs capitalised arose on the general borrowings during the year and were calculated by applying a capitalisation rate of approximately 5.18% per annum (2016: 4.35% per annum) to expenditure on qualifying assets.

9. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSES

(Loss)/profit before income tax expenses is arrived at after charging:

	2017 **RMB'000**	2016 RMB'000
Amortisation of intangible assets	**181**	43
Amortisation of payments for leasehold land held for own use under operating leases	**198**	197
Auditor's remuneration	**2,465**	2,400
Cost of inventories recognised as expenses	**14,446,412**	13,060,436
Depreciation of property, plant and equipment	**17,623**	10,387
Depreciation of investment properties	**23,019**	1,144
Loss on disposals of property, plant and equipment	**188**	84
Loss on remeasurement of asset ceased to be classified as held-for-sale	**–**	2,418
Operating lease rental expenses in respect of:		
– Land and buildings	**12,728**	8,360
– Machinery and others	**10,389**	7,184
Direct operating expenses arising from investment properties that generated rental income during the year	**81**	78
Impairment loss on trade and other receivables, net	**2,178,654**	30,460
Impairment loss of property, plant and equipment	**2,491**	–
Impairment loss of interests in associates	**10,262**	–
Impairment loss of goodwill	**64,298**	–

10. EMPLOYEE COSTS

	2017 RMB'000	2016 RMB'000
Employee costs (including directors) comprise:		
Wages and salaries	**107,462**	61,242
Social security costs	**9,252**	4,396
Contributions on defined contribution retirement plans	**7,111**	5,016
	123,825	70,654

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 2017

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	–	929	481	40	1,450
Mr. Wang Liguo	–	705	394	56	1,155
Mr. Mo Luojiang	–	822	473	64	1,359
Non-executive directors					
Mr. Chung Cheuk Ming	84	–	7	–	91
Mr. Zhou Jianhao	72	–	6	–	78
Mr. Yang Gaoyu	72	–	6	–	78
Supervisors					
Ms. Ye Mingzhu	50	–	4	–	54
Ms. Chen Yuanling	50	–	4	–	54
Mr. Jiang Feng	37	110	62	57	266
Ms. Zhao Liping *(note (a))*	23	77	38	43	181
Ms. Xu Miaojie *(note (b))*	5	104	46	7	162
	393	2,747	1,521	267	4,928

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

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. Chung Cheuk Ming	81	–	–	–	81
Ms. Pan Min *(note (c))*	43	–	–	–	43
Mr. Zhou Jianhao	67	–	–	–	67
Mr. Yang Gaoyu *(note (d))*	24	–	–	–	24
Supervisors					
Ms. Ye Mingzhu	50	–	–	–	50
Ms. Chen Yuanling	50	–	–	–	50
Mr. Jiang Feng	36	108	58	56	258
Ms. Zhao Liping	36	78	39	57	210
	387	2,919	1,148	300	4,754

Notes:

(a) Resigned in November 2017
(b) Appointed in November 2017
(c) Resigned in August 2016
(d) Appointed in August 2016

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 2017 and 2016.

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 (2016: three) were directors of the Company whose emoluments are disclosed in above. The emoluments of the remaining two (2016: two) individuals in 2017 were as follows:

	2017 **RMB'000**	2016 RMB'000
Basic salaries and allowances	**1,151**	1,119
Discretionary bonus	**443**	337
Retirement scheme contributions	**94**	58
	1,688	1,514

The emoluments of the two (2016: two) non-director individuals in 2017 with the highest emoluments were within the following band:

	2017 **Number of** **individuals**	2016 Number of individuals
Nil to HK$1,000,000	**2**	2

During the years ended 31 December 2017 and 2016, 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 EXPENSES

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

	2017 **RMB'000**	2016 RMB'000
Current income tax		
PRC enterprise income tax ("EIT")		
– tax for the year	**158,879**	119,257
– over provision in respect of prior years, net	**(7,601)**	(8,416)
Deferred tax *(note 30)*	**12,211**	(5,777)
	163,489	105,064

Profits of subsidiaries established in the PRC are subject to EIT at 25% (2016: 25%). Profits of subsidiaries established in Hong Kong are subject to Hong Kong profits tax of 16.5% (2016: 16.5%).

The income tax expenses for the year can be reconciled to the (loss)/profit per the consolidated statement of comprehensive income as follows:

	2017 **RMB'000**	2016 RMB'000
(Loss)/profit before income tax expenses	**(1,510,565)**	449,673
Tax calculated at tax rate of 25% (2016: 25%)	**(377,641)**	112,418
Effect of different tax rates for certain subsidiaries	**4,078**	(1,239)
Income and expense items that are not subject to tax, net	**43,490**	4,432
Tax effect of deductible temporary difference not recognised	**496,149**	–
Tax effect of tax losses not recognised	**6,555**	114
Utilisation of tax losses previously not recognised	**(1,541)**	(2,245)
Over provision in respect of prior years, net	**(7,601)**	(8,416)
Income tax expenses	**163,489**	105,064

13. (LOSS)/EARNINGS PER SHARE

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

	2017	2016
(Loss)/profit attributable to owners of the Company (RMB'000)	**(1,520,116)**	307,082
Weighted average number of ordinary shares	**8,476,915,428**	7,144,266,698

(a) Weighted average of 8,476,915,428 ordinary shares for the year ended 31 December 2017 are derived from 7,633,079,812 ordinary shares in issue as at 1 January 2017 after taking into account the effect of the subscription of 1,000,000,000 shares completed on 27 February 2017 (note 31(a)(iii)).

(b) Weighted average of 7,144,266,698 ordinary shares for the year ended 31 December 2016 are derived from 3,054,319,875 ordinary shares in issue as at 1 January 2016 after taking into account the effects of the placing of 1,500,000,000 shares and 534,400,000 shares completed on 26 February 2016 and 7 March 2016, respectively, (note 31(a)(i)) and the bonus issue completed on 19 September 2016 (note 31(a)(ii)).

(c) 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 2017 and 2016. The denominators used are the same as those detailed above for both basic and diluted earnings per share.

14. DIVIDENDS

	2017 **RMB'000**	2016 RMB'000
Final, proposed – nil (2016: RMB0.01 per share)	–	86,331

The board of directors did not recommend any payment of final dividend for the year ended 31 December 2017 (2016: RMB0.01 per share, totalling approximately RMB86,331,000).

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

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

	RMB'000
2017	
Cost	
At 1 January 2017 and 31 December 2017	**9,957**
Accumulated amortisation	
At 1 January 2017	**1,031**
Provided for the year	**198**
At 31 December 2017	**1,229**
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
Net book values	
At 31 December 2017	**8,728**
At 31 December 2016	8,926

At 31 December 2017, payments for leasehold land held for own use under operating leases with a net book value of RMB7,865,000 (2016: RMB8,042,000) were pledged as security for certain of the Group's borrowings (note 29(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
2017							
Cost							
At 1 January 2017	**71,794**	**424**	**21,629**	**14,510**	**28,831**	**11,431**	**148,619**
Additions through business combination *(note 35)*	**–**	**–**	**22,041**	**–**	**246**	**2,117**	**24,404**
Additions	**–**	**55**	**5,827**	**–**	**2,768**	**3,431**	**12,081**
Disposals	**–**	**–**	**(2,847)**	**–**	**(684)**	**–**	**(3,531)**
At 31 December 2017	**71,794**	**479**	**46,650**	**14,510**	**31,161**	**16,979**	**181,573**
Accumulated depreciation and impairment loss							
At 1 January 2017	**2,156**	**343**	**7,097**	**5,252**	**16,838**	**4,755**	**36,441**
Provided for the year	**2,388**	**69**	**8,432**	**1,793**	**1,568**	**3,373**	**17,623**
Eliminated on disposals	**–**	**–**	**(2,750)**	**–**	**(490)**	**–**	**(3,240)**
Impairment loss	**–**	**–**	**26**	**2,465**	**–**	**–**	**2,491**
At 31 December 2017	**4,544**	**412**	**12,805**	**9,510**	**17,916**	**8,128**	**53,315**
2016							
Cost							
At 1 January 2016	61,924	315	19,356	9,154	25,089	11,273	127,111
Additions through business combination *(note 36)*	13,130	–	501	–	129	–	13,760
Additions	738	109	2,428	–	2,301	158	5,734
Disposals	–	–	(710)	–	(705)	–	(1,415)
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 27)	–	–	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
Net book values							
At 31 December 2017	**67,250**	**67**	**33,845**	**5,000**	**13,245**	**8,851**	**128,258**
At 31 December 2016	69,638	81	14,532	9,258	11,993	6,676	112,178

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

Subsequent to the year ended, the Group have entered into a sale agreement to sell an oil tank relating to the trading segment at RMB1.5 million. An impairment loss of RMB2.5 million was recognised in administrative and other expenses to write the carrying amount to its recoverable amount of RMB1.5 million.

At 31 December 2017 and 2016, the following property, plant and equipment of the Group were pledged as security for the Group's borrowings (note 29(a)):

	2017	2016
	RMB'000	RMB'000
Buildings	**45,219**	47,079

17. CONSTRUCTION IN PROGRESS

	RMB'000
At 1 January 2016	1,874
Additions	1,748
Transfer to property, plant and equipment *(note 16)*	(3,622)
At 31 December 2016 and 1 January 2017	**–**
Additions through business combination *(note 35)*	**343**
Additions	**1,321**
Transfer to investment properties *(note 18)*	**(838)**
At 31 December 2017	**826**

18. INVESTMENT PROPERTIES

	RMB'000
2016	
Cost	
At 1 January 2016	18,705
Transfer from property, plant and equipment *(note 16)*	5,603
At 31 December 2016 and 1 January 2017	24,308
Additions through business combination *(note 35)*	595,226
Transfer from construction in progress *(note 17)*	838
At 31 December 2017	620,372
Accumulated depreciation	
At 1 January 2016	1,660
Provided for the year	1,144
Transfer from property, plant and equipment *(note 16)*	187
At 31 December 2016 and 1 January 2017	**2,991**
Provided for the year	**23,019**
At 31 December 2017	**26,010**
Net book values	
At 31 December 2017	**594,362**
At 31 December 2016	21,317
Fair value	
At 31 December 2017	**637,160**
At 31 December 2016	40,961

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 items with carrying amount of RMB464,559,000 as at 31 December 2017 was pledged to bank to secure the Group's borrowings (note 29(a)) (2016: RMB5,417,000).

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
2017					
Cost					
At 1 January 2017	**87,987**	**131,266**	**225,786**	**2,201**	**447,240**
Additions through business combination *(note 35)*	**50,674**	**–**	**–**	**11**	**50,685**
Additions	**–**	**–**	**–**	**9,301**	**9,301**
At 31 December 2017	**138,661**	**131,266**	**225,786**	**11,513**	**507,226**
Accumulated amortisation and impairment loss					
At 1 January 2017	**–**	**–**	**–**	**778**	**778**
Provided for the year	**–**	**–**	**–**	**181**	**181**
Impairment loss	**64,298**	**–**	**–**	**–**	**64,298**
At 31 December 2017	**64,298**	**–**	**–**	**959**	**65,257**
2016					
Cost					
At 1 January 2016	16,930	131,266	–	823	149,019
Additions through business combination *(note 36)*	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 and impairment loss					
At 1 January 2016	–	–	–	735	735
Provided for the year	–	–	–	43	43
At 31 December 2016	–	–	–	778	778
Net book values					
At 31 December 2017	**74,363**	**131,266**	**225,786**	**10,554**	**441,969**
At 31 December 2016	87,987	131,266	225,786	1,423	446,462

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)*

(a) 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 four-year (2016: five-year period. Cash flows beyond the five-year period are extrapolated using the estimated weighted average annual growth rate of 2% (2016: 2%).

The key assumptions used for VIU calculations are as follows:

	2017	2016
Weighted average gross margin	**13.8%**	9.7%-13.8%
Growth rate	**8%**	8%
Percentage of working capital over revenue	**57.2%**	41.2%-45.2%
Pre-tax discount rate	**18.0%**	20.6%

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.

(b) 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 36) and third party payment licence are allocated one of the Group's CGUs, namely agricultural big-data services segment.

As of 31 December 2017, the Company made provision for impairment of assets for the "agricultural big-data services business" segment of approximately RMB64,298,000. The reason that the Company made provision for impairment of assets for the business segment was that: 1: Although considerable staff costs and marketing expenses have been invested for market expansion, the number of contract executed for agricultural product wholesale market and cold chain market was lower than expected in 2017. Under this pressure, the Company made internal adjustment to its contract price, hence the realisation of relevant revenue was unsatisfactory. 2: Successive capital investment and time commitment has been made for the core big data platform of big data service business. As a result, the market synergy of related industry businesses such as introduction of quality partners in the financial industry and provision of quality financial plan for traders in the market could not be achieved during the reporting period.

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 four-year (2016: five-year period). Cash flows beyond the five-year period are extrapolated using the estimated weighted average annual growth rate of 2% (2016: 0%).

19. INTANGIBLE ASSETS *(continued)*

(b) Impairment tests for goodwill and payment business licence *(continued)*

The key assumptions used for VIU calculations are as follows:

	2017	2016
Weighted average gross margin	**71.8%-88%**	94.5%-94.6%
Growth rate	**20%-59%**	5%-14.8%
Percentage of working capital over revenue	**27%-28%**	22%-23%
Pre-tax discount rate	**23.7%**	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.

(c) Impairment test for goodwill of cold chain service

Goodwill of approximately RMB50,674,000 is allocated to one of the Group's CGUs, namely cold chain services 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 ten-year period. Cash flows beyond the ten-year period are extrapolated using the estimated weighted average annual growth rate of 2%.

The key assumptions used for VIU calculations are as follows:

	2017
Weighted average gross margin	**57%-77%**
Growth rate	**0%-5%**
Percentage of working capital over revenue	**12%**
Pre-tax discount rate	**13.1%**

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 cold chain services segment.

20. INTERESTS IN ASSOCIATES

	2017 RMB'000	2016 RMB'000
Share of net assets	**90,315**	93,389

The details of the Group's associates at 31 December 2017 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
上海伊禾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%
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%
安誠瑞盈(深圳)商業保理有限公司 Ancheng Ever Fortune Commercial Factoring Co., Ltd.	PRC, limited liability company	Commercial factoring business in the PRC	RMB100,000,000	–	30%
中農普惠金服科技股份有限公司 Zhongnong Huipu Jinfu Technology Ltd.	PRC, limited liability company	Finance lease business in the PRC	RMB80,000,000	30%	–
國維瑞盈(濰坊)融資租賃有限公司 Guowei Ever Fortune Financial Leasing Co., Ltd.	PRC, limited liability company	Finance lease business in the PRC	RMB200,000,000	–	44%

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:

	2017 **RMB'000**	2016 RMB'000
Profits from continuing operations	**4,774**	2,166
Other comprehensive income	**–**	–
Total comprehensive income	**4,774**	2,166

21. INTERESTS IN A JOINT VENTURE

	2017 **RMB'000**
Share of net assets other than goodwill	**1,601**

The Group has a 90% interest in a joint venture, Guanyun Beihuan Construction Investment Development Co., Ltd. ("Guanyun Beihuan"), a separate structured vehicle incorporated and operating in the PRC. The primary activity of Guanyun Beihuan is project management, which is in line with the Group's strategy to expand the construction division.

The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for the liabilities of the joint arrangement resting primarily with Guanyun Beihuan. Under HKFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

Accordingly, although Nantong Road and Bridge has 90% of shareholding in the Project Company, the Project Company is under joint arrangement between Nantong Road and Bridge and an other investor as a result of the contractual arrangement required for the achievement of unanimous consent.

21. INTERESTS IN JOINT VENTURE *(continued)*

In the opinion of the directors, the above joint venture is not material to the Group and the summarized financial information in respect of the Group's share of this joint venture is set out below:

	2017 RMB'000
Profits from continuing operations	**501**
Other comprehensive income	**–**
Total comprehensive income	**501**

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017 RMB'000	2016 RMB'000
Listed equity securities, at fair value	**4,985**	8,250
Unlisted equity securities, at cost	**15,800**	5,800
	20,785	14,050

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 three unlisted companies (2016: 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.

23. INVENTORIES

	2017 RMB'000	2016 RMB'000
Petrochemical and agricultural products for resale	**51,672**	28,306
Asphalt	**355**	3,907
Construction materials	**65,884**	16,851
Third party payment services equipments	**459**	477
Consumables	**74**	–
	118,444	49,541

24. TRADE AND OTHER RECEIVABLES

	2017 RMB'000	2016 RMB'000
Trade receivables	**3,172,272**	3,319,113
Commercial notes receivable	**3,170**	1,370
Retention sum for construction contracts	**494,614**	558,639
Finance lease receivables *(note (a))*	**301,574**	121,696
Factoring loan receivables	**3,461,798**	2,221,825
Total trade and notes receivables *(note (b))*	**7,433,428**	6,222,643
Prepayments and deposits	**198,665**	755,508
Other receivables *(note (c))*	**168,466**	49,793
Amounts due from associates *(note (d))*	**250**	250
Held-to-maturity financial assets *(note (e))*	**61,000**	61,000
	7,861,809	7,089,194
Less: Impairment losses *(note (f))*	**(2,271,941)**	(95,922)
	5,589,868	6,993,272
Classified as:		
Non-current assets	**965,543**	925,418
Current assets	**4,624,325**	6,067,854
	5,589,868	6,993,272

(a) Finance lease receivables

The finance lease receivables as at 31 December 2017 and 2016 are as follows:

	2017			2016		
	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))*	**206,799**	**(17,141)**	**189,658**	79,017	(7,532)	71,485
Later than one year and not later than five years	**122,885**	**(10,969)**	**111,916**	54,012	(3,801)	50,211
	329,684	**(28,110)**	**301,574**	133,029	(11,333)	121,696

Note (i): Included in finance lease receivables was an amount of RMB85,684,000 (2016: RMB28,784,000) 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.

24. 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, agricultural big-data services and cold chain logistics services are prepared based on invoice dates. For the finance lease and commercial factoring business, the aging analysis is based on the lease and loan commencement dates set out in the relevant contracts. The details aging analysis are before impairment loss are as follows:

	2017 RMB'000	2016 RMB'000
Road and bridge construction *(note (i))*:		
Less than 6 months	**1,410,888**	663,618
6 months to less than 1 year	**278,114**	465,200
1 year to less than 2 years	**463,355**	623,609
2 years to less than 3 years	**260,286**	220,129
3 years and over	**38,681**	3,382
	2,451,324	1,975,938
Sale of petrochemical and agricultural products *(note (ii))*:		
Less than 30 days	**755,862**	1,470,597
31 to 60 days	**46,185**	300,840
61 to 90 days	**112,581**	1,000
91 days to less than 1 year	**219,942**	65,294
1 year to less than 2 years	**–**	2,792
2 years to less than 3 years	**10,467**	39,657
3 years and over	**43,831**	12,168
	1,188,868	1,892,348
Finance lease and commercial factoring *(note (iii))*:		
Less than 6 months	**3,634,749**	2,143,815
6 months to less than 1 year	**75,840**	138,266
Over than 1 year	**52,784**	61,440
	3,763,373	2,343,521
Agricultural big-data services *(note (iv))*:		
Less than 6 months	**7,161**	10,658
6 months to less than 1 year	**244**	178
	7,405	10,836

24. TRADE AND OTHER RECEIVABLES *(continued)*

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

	2017 RMB'000	2016 RMB'000
Cold chain logistics services *(note (v))*:		
Less than 30 days	**5,536**	–
31 to 60 days	**12,584**	–
61 to 90 days	**1,642**	–
91 days to less than 1 year	**2,696**	–
	22,458	–
	7,433,428	6,222,643

Note (i):

For 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:

	2017 RMB'000	2016 RMB'000
Less than 6 months past due	**72,499**	404,897
6 months to less than 1 year past due	**31,878**	47,072
1 year to less than 2 years past due	**102,513**	148,516
2 years to less than 3 years past due	**46,392**	30,568
3 years and over past due	**15,523**	10,457
	268,805	641,510

Substantially all major 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.

24. TRADE AND OTHER RECEIVABLES *(continued)*

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

Note (ii): (continued)

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

	2017 RMB'000	2016 RMB'000
Less than 90 days past due	6	316,939
91 days to 1 year past due	–	21
Over 1 year past due	1,283	19,830
	1,289	336,790

The credit quality of trade receivables has been assessed by reference to historical information about the counterparty default rates.

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.

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 4.51% to 13.5% per annum.

As at 31 December 2017, 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 RMB369,200,000 (2016: RMB223,277,000). The deposits received from finance lease customers amounted to approximately RMB12,270,000 (2016: RMB7,388,000).

Note (iv):

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

24. TRADE AND OTHER RECEIVABLES *(continued)*

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

Note (v):

For cold chain logistics services, the credit period is negotiated on individual basis and ranges from 0 day to 10 days.

(c) Other Receivables

As at 31 December 2017, the balance of other receivables amounted to RMB168,466,000 (2016: RMB49,793,000), which is mainly attributable to the newly acquired cold chain business and the recovery of investment in two associates of RMB40,390,000, the payment of transaction deposits of RMB25,041,000, and the payment of government security deposits of RMB5,000,000 during the period.

(d) Amounts due from associates and a related company

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

(e) Held-to-maturity financial assets

The amount represented financial instruments with fixed interest of 6.19% per annum and maturity date on 7 December 2019.

Given the CEFC Events as detailed in note (f) below, the directors of the Company consider that there is doubt about the recovery of the Group's held-to-maturity financial assets as at 31 December 2017, which is managed by a company controlled by China CEFC. Accordingly, an impairment loss of approximately RMB30,174,000 was recognised in the profit or loss for the year.

(f) Impairment losses

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

	2017 **RMB'000**	2016 RMB'000
At 1 January	**95,922**	68,146
Impairment loss recognised	**2,226,616**	30,460
Recovery of impairment loss previously recognised	**(47,962)**	–
Written off	**(673)**	(2,684)
Exchange realignment	**(1,962)**	–
At 31 December	**2,271,941**	95,922

Included in the above provision for impairment of trade and other receivables is a provision for individually impaired trade receivables, finance lease receivables and factoring loan receivables of approximately RMB982,970,000, RMB29,091,000 and RMB1,259,879,000 (2016: RMB95,922,000, Nil and Nil), respectively, with a carrying amount before provision of approximately RMB3,618,036,000, RMB85,683,000 and RMB1,503,909,000 (2016: RMB137,031,000, Nil and Nil), respectively.

24. TRADE AND OTHER RECEIVABLES *(continued)*

(f) Impairment losses *(continued)*

The individually impaired trade receivables, finance lease receivables and factoring loan receivables relate to customers that were in financial difficulties or were in default in interest and/or principal payments and only a portion of the receivables is expected to be recovered. In particular, the directors of the Company estimated the amounts of impairment after taking into consideration the below events:

(i) It came to the attention of management that there were media reports on the internet concerning China CEFC Energy Company Limited ("China CEFC"), and according to which a creditors' committee had been formed to review China CEFC's asset disposal and the debt restructuring plan of China CEFC was under discussion (the "CEFC Events"). Management also noted that there was breach of contracts of the bonds issued by China CEFC and/or its related companies (the "China CEFC Group") and the credit rating of China CEFC was significantly adjusted downwards. To the best knowledge of the directors of the Company, certain customers of the Group's factoring loan and trading businesses are also business counterparties of China CEFC Group and therefore their financial position was adversely affected by the CEFC Events. Accordingly, management casted doubt on the repayment ability of these customers with an aggregate outstanding balance of approximately RMB1,927,852,000 as at 31 December 2017, and made an impairment of approximately RMB1,724,701,000 thereon.

(ii) Management noted that certain trust loan of Shenzhen Dasheng was in default. Based on the Company's enquiry with management of Shenzhen Dasheng, it is confirmed that Shenzhen Dasheng is currently under liquidity shortage which has seriously affected its business operations (the "Shenzhen Dasheng Event"). To the best knowledge of the directors of the Company, the business counterparties of certain customers of the Group's factoring loan business also have business relationship with Shenzhen Dasheng. The above incident led to the customers of the Group's factoring loan business casted doubt on the financial capabilities of Shenzhen Dasheng and whether their business counterparty can settle the trade receivables owing to them within the prescribed timeframe. The Company has been communicating with these customers through different ways but has not been able to reach any agreement on the repayment plans with them up to the date of approval of these consolidated financial statements. Accordingly, management of the Company is of the view that there is significant uncertainty over the recovery of receivables from these customers with an aggregate gross amount of approximately RMB310,750,000, and made an impairment of approximately RMB274,372,000 thereon. In addition, included in the Group's trade receivables and finance lease receivables, there were amounts due from related companies connected with Shenzhen Dasheng of approximately RMB92,968,000 and RMB85,684,000, respectively, of which impairments of approximately RMB77,308,000 and RMB29,091,000, respectively, were made due to the above incident.

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

	2017	2016
	RMB'000	RMB'000
Contracts in progress at the end of reporting period:		
Contract costs incurred plus recognised profits less recognised losses and foreseeable losses	**7,253,554**	6,551,874
Less: progress billings	**(7,283,957)**	(6,558,891)
Contract work-in-progress at the end of reporting period	**(30,403)**	(7,017)
Represented by:		
Amounts due from customers for contract work included in current assets	**30,070**	28,185
Amounts due to customers for contract work included in current liabilities	**(60,473)**	(35,202)
	(30,403)	(7,017)

26. 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 2017 (2016: from 1.4% to 2.8% per annum).

As at 31 December 2017, bank balance of RMB150,000,000 was pledged as security for the Group's borrowings (note 29(a)).

27. 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.

28. TRADE AND OTHER PAYABLES

	2017	2016
	RMB'000	RMB'000
Trade payables	**1,450,166**	1,859,358
Notes payable	**670,805**	1,274,126
	2,120,971	3,133,484
Amount due to an associate *(note)*	**259**	466
Deposits received	**72,558**	262,591
Other payables	**548,577**	765,545
Accruals	**469**	656
	2,742,834	4,162,742
Less: non-current portion	**(5,315)**	–
Current portion	**2,737,519**	4,162,742

Note: The amounts are interest-free, unsecured and repayable on demand.

28. 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:

	2017 RMB'000	2016 RMB'000
Road and bridge construction:		
Less than 6 months	**598,416**	702,423
6 months to less than 1 year	**124,143**	272
1 year to less than 2 years	**214,117**	156,863
2 years to less than 3 years	**61,832**	16,470
3 years and over	**19,064**	23,457
	1,017,572	899,485
Sale of petrochemical and agricultural products:		
Less than 30 days	**485,979**	622,469
31 to 60 days	**107,397**	527,863
61 to 90 days	**135,776**	194,640
91 days to less than 1 year	**343,941**	884,295
1 year to less than 2 years	**7**	10
2 years to less than 3 years	**9**	189
3 years and over	**189**	282
	1,073,298	2,229,748
Finance lease and commercial factoring:		
6 months to less than 1 year	**20,000**	–
Agricultural big-data services:		
Less than 30 days	**3,693**	4,251
Cold chain logistics services:		
Less than 6 months	**1,042**	–
6 months to less than 1 year	**2**	–
1 year to less than 2 years	**1,416**	–
2 years to less than 3 years	**51**	–
3 years and over	**3,897**	–
	6,408	–
	2,120,971	3,133,484

29. BORROWINGS

	2017 RMB'000	2016 RMB'000
Bank borrowings		
Secured – interest-bearing loans *(notes (a) and (b))*	**1,422,658**	510,258
Unsecured – interest-bearing loans *(note (b))*	**493,590**	898,400
	1,916,248	1,408,658
Other borrowings		
Secured – interest-bearing loans	**1,006,951**	299,088
	2,923,199	1,707,746

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

	2017 RMB'000	2016 RMB'000
On demand or within one year	**2,423,199**	1,707,746
2-5 years	**500,000**	–
	2,923,199	1,707,746

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:

	2017 RMB'000	2016 RMB'000
Payments for leasehold land held for own use under operating leases *(note 15)*	**7,865**	8,042
Property, plant and equipment *(note 16)*	**45,219**	47,079
Investment properties *(note 18)*	**464,559**	5,417
Trade receivables, net of impairment loss *(note 24)*	**1,079,029**	700,070
Restricted bank deposits *(note 26)*	**150,000**	–

As at 31 December 2017, equity interests of a subsidiary, Nantong Road and Bridge, were pledged to certain borrowings of the Group.

(b) The secured and unsecured borrowings of the Group to the extent of RMB221,973,000 (2016: RMB280,000,000) were guaranteed by certain directors of the Company and its subsidiaries.

As at 31 December 2017, there is no banking facilities of the Group is subject to the fulfilment of covenants relating to the Company's financial ratios (2016: nil).

30. 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 2016	27,027
Credited to profit or loss	5,971
At 31 December 2016 and 1 January 2017	**32,998**
Additions thought business combination *(note 35)*	**7,296**
Credited to profit or loss	**8,726**
At 31 December 2017	**49,020**

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 2016	33,755	627	34,382
Charged to profit or loss	–	194	194
Additions through business combination *(note 36)*	57,526	–	57,526
At 31 December 2016 and 1 January 2017	**91,281**	**821**	**92,102**
Credited to profit or loss	**(2,663)**	**(821)**	**(3,484)**
Additions through business combination *(note 35)*	**45,548**	**–**	**45,548**
At 31 December 2017	**134,166**	**–**	**134,166**

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 RMB35,444,458 (2016: RMB5,921,000) arising in Hong Kong can be carried forward indefinitely.

30. 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 2017 and 2016, 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 2017 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 2017 and 2016.

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:

	2017 **RMB'000**	2016 RMB'000
Deferred tax assets	**49,020**	11,502
Deferred tax liabilities	**(134,166)**	(70,606)
	(85,146)	(59,104)

31. 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 2016	3,054,319,875	305,432
Placing and subscription of shares *(note i)*	2,034,400,000	203,440
Bonus issue *(note ii)*	2,544,359,937	254,436
At 31 December 2016 and 1 January 2017	7,633,079,812	763,308
Subscription of shares *(note iii)*	1,000,000,000	100,000
At 31 December 2017	8,633,079,812	863,308

31. SHARE CAPITAL *(continued)*

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

Notes:

(i) 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.

(ii) 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.

(iii) On 27 February 2017, Shenzhen Dasheng Agricultural Group Co., Ltd. and Zhenjiang Runde Equity Investment Fund Ltd. have completed the subscription of 450,000,000 and 550,000,000 new domestic shares respectively. 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.

(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 29 divided by total capital. The Group regards its equity attributable to the Company's owners as its capital.

	2017 **RMB'000**	2016 RMB'000
Total borrowings	**2,923,199**	1,707,746
Equity attributable to the Company's owners	**2,042,522**	3,071,861
Debt-to-equity ratio	**143.1%**	55.6%

32. RESERVES

Company	Capital reserve *(note (a))* RMB'000	Statutory reserve fund *(note (b))* RMB'000	Retained earnings/ (Accumulated Losses) *(note (e))* RMB'000	Total RMB'000
At 1 January 2016	400,673	76,463	320,735	797,871
Profit for the year	–	–	30,408	30,408
Placing and subscription of shares *(note 31(a)(i))*	1,148,142	–	–	1,148,142
Bonus issue *(note 31(a)(ii))*	(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 and 1 January 2017	**1,294,379**	**79,504**	**271,771**	**1,645,654**
Loss for the year	**–**	**–**	**(2,442,966)**	**(2,442,966)**
Subscription of shares *(note 31(a)(iii))*	**470,800**	**–**	**–**	**470,800**
2016 final dividends paid *(note 14)*	**–**	**–**	**(86,331)**	**(86,331)**
At 31 December 2017	**1,765,179**	**79,504**	**(2,257,526)**	**(412,843)**

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. On 27 February 2017, the Company issued 1,000,000,000 shares to the subscribers at issue prices of HK$0.57 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.

33. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2017 RMB'000	2016 RMB'000
Assets			
Non-current assets			
Property, plant and equipment		**6,128**	6,796
Investment property		**8,601**	9,510
Investment in subsidiaries		**1,158,998**	2,618,309
Investment in associates		**11,146**	24,677
Available-for-sale financial assets		**800**	800
Deferred tax assets		**–**	77
Total non-current assets		**1,185,673**	2,660,169
Current assets			
Inventories		**2**	2
Trade and other receivables		**1,482,660**	1,824,322
Restricted bank deposits		**249,284**	49,284
Cash and cash equivalents		**2,534**	473,577
Total current assets		**1,734,480**	2,347,185
Total assets		**2,920,153**	5,007,354
Liabilities			
Current liabilities			
Trade and other payables		**1,719,935**	2,005,336
Borrowings		**738,000**	588,000
Current tax liabilities		**11,753**	5,056
Total current liabilities		**2,469,688**	2,598,392
Net current liabilities		**(735,208)**	(251,207)
NET ASSETS		**450,465**	2,408,962
Capital and reserves			
Share capital	*31*	**863,308**	763,308
Reserves	*32*	**(412,843)**	1,645,654
TOTAL EQUITY		**450,465**	2,408,962

34. PARTICULARS OF SUBSIDIARIES

The following are the details of the Group's principal subsidiaries at 31 December 2017:

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	91.3%	–
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	–	91.3%
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$365,000,000 of 365,000,000 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%	–
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$100,000,000 of 100,000,000 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	RMB1,000,000,000	–	86.5%

34. 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
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	–	86.5%
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	–	89.9%
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	–	89.9%
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%
南京大生寶澤股權投資基金股份有限公司 Nanjing Dasheng Bao Ze Financial Holding Company Limited ("Bao Ze")	PRC, limited liability company	Investment holding service in the PRC	RMB407,126,000	51.0%	–

34. 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	Effective Equity interests held Indirectly
南京大生冷鏈物流股份有限公司 Nanjing Dasheng Leng Lian Logistic Holding Company Limited ("Leng Lian")	PRC, limited liability company	Cold chain and logistics service in the PRC	RMB405,000,000	–	51.0%
南京韜聚冷鏈科技有限公司 Nan Jing Tao Ju Leng Lian Technology Company Limited ("Tao Ju Leng Lian")	PRC, limited liability company	Trading service in the PRC	USD20,140,000	–	99.7%
南京華沃供應鏈管理有限公司 Nan Jing Bi Wo Supply Chain Management Company Limited ("Bi Wo")	PRC, limited liability company	Cold chain and logistics service in the PRC	RMB50,000,000	–	45.9%
南京生澤信息科技有限公司 Nan Jing Sheng Ze Information Technology Company Limited ("Sheng Ze")	PRC, limited liability company	Agricultural big-data service in the PRC	RMB20,000,000	–	65.2%
香港大生農業食品有限公司 Hong Kong Dasheng Agriculture & Food Limited	Hong Kong, limited liability company	Agricultural trading in Hong Kong	HK$20,000,000 of 20,000,000 ordinary shares	–	70%

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) The Group subscribed further 13.5% of equity interest of Ever Fortune and had 86.5% equity interests during the year ended 31 December 2017. The Group also subscribed further 16.44% of equity interest of Nantong Road and Bridge and had 91.3% 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.

34. PARTICULARS OF SUBSIDIARIES *(continued)*

Nantong Road and Bridge, a 91.3% (2016: 91.3%) 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:

	2017 RMB'000	2016 RMB'000
For the year ended 31 December		
Revenue	**1,768,836**	1,240,554
Profit	**105,882**	121,859
Total comprehensive income	**105,882**	121,859
Profit allocated to NCI	**9,316**	26,703
Dividends paid to NCI	**2,610**	7,541
For the year ended 31 December		
Cash flows used in operating activities	**(199,380)**	(349,995)
Cash flows (used in)/generated from investing activities	**(174,253)**	128,520
Cash flows generated from financing activities	**192,343**	179,458
Net cash outflow	**(181,290)**	(42,017)
As at 31 December		
Current assets	**1,977,354**	1,714,635
Non-current assets	**1,119,247**	935,860
Current liabilities	**(1,713,949)**	(1,706,834)
Non-current liabilities	**(262,865)**	(821)
Net assets	**1,119,787**	942,840
Accumulated non-controlling interests	**97,422**	82,027

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 91.3% 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)

34. PARTICULARS OF SUBSIDIARIES *(continued)*

Ever Fortune, a 86.5% (2016: 73%) 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:

	2017	2016
	RMB'000	RMB'000
For the year ended 31 December		
Revenue	**391,790**	76,536
(Loss)/profit	**(1,152,858)**	28,268
Total comprehensive income	**(1,152,858)**	28,268
(Loss)/profit allocated to NCI	**(151,089)**	14
Dividends paid to NCI	**–**	–
For the year ended 31 December		
Cash flows used in operating activities	**(1,585,167)**	(917,049)
Cash flows used in investing activities	**(13,709)**	(20,932)
Cash flows generated from financing activities	**1,602,910**	930,878
Net cash inflow/(outflow)	**4,034**	(7,103)
As at 31 December		
Current assets	**3,022,997**	2,330,483
Non-current assets	**93,922**	77,282
Current liabilities	**(2,790,679)**	(1,870,402)
Non-current liabilities	**(270,000)**	–
Net assets	**56,240**	537,363
Accumulated non-controlling interests	**(16,420)**	143,356

On 22 February 2017, the Group acquired additional 13.5% equity interests in Ever Fortune from its NCI. Following the acquisition, the Group had 86.5% equity interests. The transaction has been accounted for as an equity transaction with the NCI as follows:

	RMB'000
Consideration payable paid for 13.5% equity interests	500,000
Net assets attributable to 13.5% equity interests	505,615
Increase in equity attributable to owners of the Company (included in retained earnings)	(5,615)

34. 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:

	2017 **RMB'000**	2016 RMB'000
For the year ended 31 December		
Revenue	**21,448**	24,449
(Loss)/profit	**(40,325)**	15,427
Total comprehensive income	**(40,325)**	15,427
(Loss)/profit allocated to NCI	**(8,065)**	3,085
Dividends paid to NCI	**–**	–
For the year ended 31 December		
Cash flows (used in)/generated from operating activities	**(40,165)**	89,677
Cash flows generated from/(used in) investing activities	**33,862**	(106,974)
Cash flows generated from financing activities	**–**	24,000
Net cash (outflow)/inflow	**(6,303)**	6,703
As at 31 December		
Current assets	**272,016**	336,444
Non-current assets	**279,120**	299,585
Current liabilities	**(253,063)**	(297,629)
Non-current liabilities	**(56,453)**	(56,453)
Net assets	**241,620**	281,947
Accumulated non-controlling interests	**48,324**	56,389

34. PARTICULARS OF SUBSIDIARIES *(continued)*

Nanjing Baoze, a 51% owned subsidiary of the Company, has material NCI. Summarised financial information in relation to the NCI of Nanjing Baoze, before intra-group eliminations, is presented below:

	2017 RMB'000
For the year ended 31 December	
Revenue	58,558
Loss	(2,544)
Total comprehensive income	(2,544)
Loss allocated to NCI	(1,275)
Dividends paid to NCI	–
For the year ended 31 December	
Cash flows generated from operating activities	138,283
Cash flows used in investing activities	(241,917)
Cash flows generated from financing activities	102,149
Net cash outflow	(1,485)
As at 31 December	
Current assets	228,036
Non-current assets	679,070
Current liabilities	(326,654)
Non-current liabilities	(49,133)
Net assets	531,319
Accumulated non-controlling interests	226,442

35. BUSINESS ACQUISITION DURING THE YEAR

In April 2017, the Group acquired 51% equity interest in Nanjing Bao Ze Equity Investment Fund Co. Limited ("Nanjing Baoze") and its subsidiaries ("Nanjing Baoze Group"), whose principal activity is the provision of cold storage services. The acquisition was made with the aims to enrich the Group's portfolio in the area of cold storage business. The Group appointed 3 directors in Nanjing Baoze, accordingly it is considered that the Group has control over the board of Nanjing Baoze.

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

	RMB'000
Property, plant and equipment	24,404
Investment property	595,226
Construction in progress	343
Intangible asset	11
Deferred tax assets	7,296
Inventories	113
Trade and other receivables	44,917
Bank balances and cash	7,828
Amount due to the Group	(110,000)
Trade and other payables	(62,834)
Deferred tax liability	(45,548)
Net assets acquired	461,756
Total cash consideration	286,170
Less: Net assets acquired	(461,756)
Add: Net assets value on non-controlling interests	226,260
Goodwill *(note 19)*	50,674
Cash flow:	
Deposits paid in prior year	170,000
Cash payments during the year	116,170
Cash and cash equivalents acquired	(7,828)
Net cash outflow arising from acquisition	278,342

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

The fair value of the trade and other receivable amounted to approximately RMB44,917,000. In the opinion of the Directors, no receivable is expected to be uncollectible.

Since the acquisition date, Nanjing Baoze Group has contributed RMB58,511,000 and RMB6,711,000 to the Group's revenue and profit before income tax expenses. If the acquisition had occurred on 1 January 2017, the contribution to the Group's revenue and profit before income tax expenses would have been RMB75,649,000 and RMB952,000 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 2017, 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 and other expenses.

36. BUSINESS ACQUISITION IN PRIOR YEAR

On 27 July 2016, the Group acquired 100% of the equity interests of Shanghai Kaiyi Corporate Management Consultancy Co., Ltd. ("Kaiyi"), 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

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

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

The fair value of the trade and other receivables amounted to approximately RMB72,281,000. In the opinion of the Directors, no receivable is expected to be uncollectible.

Since the acquisition date, Kaiyi Group has contributed RMB25,277,000 and RMB24,161,000 to Group's revenue and profit before income tax expenses. If the acquisition had occurred on 1 January 2016, the contribution to the Group's revenue and profit before income tax expenses 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 and other expenses.

37. 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:

	2017 **RMB'000**	2016 RMB'000
Not later than one year	**9,035**	6,473
Later than one year and not later than five years	**10,832**	2,261
	19,867	8,734

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

37. 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:

	2017	2016
	RMB'000	RMB'000
Not later than one year	**19,115**	2,665
Later than one year and not later than five years	**6,927**	7,378
Later than five years	**6,238**	7,978
	32,280	18,021

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

38. CONTINGENT LIABILITIES

	2017	2016
	RMB'000	RMB'000
The Company		
Guarantees in respect of performance bonds and advance payment bonds issued by banks	**465,068**	212,734

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.

39. RELATED PARTY TRANSACTIONS

(a) During the year, apart from the related party transactions disclosed in notes 24(a) and 29(b), the Group entered into the following material transactions with related parties:

	2017 RMB'000	2016 RMB'000
Construction services provided to		
Nanjing Dasheng Modern Agriculture Holding Co., Ltd. a related company	**86,570**	6,837

	2017 RMB'000	2016 RMB'000
Software related services provided to		
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

	2017 RMB'000	2016 RMB'000
Finance lease services to		
Nanjing Dasheng Modern Agriculture Holdings Co., Ltd., a related company *(note)*	**5,994**	1,104
Nanjing Dasheng Vegetable Production Co., Ltd., a related company *(note)*	**805**	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

	2017 RMB'000	2016 RMB'000
Directors' fees, basic salaries and allowances	**4,619**	4,425
Discretionary bonus	**1,831**	1,486
Retirement scheme contributions	**363**	357
	6,813	6,268

Remuneration for key management personnel of the Group includes amounts paid to the directors, supervisors and two (2016: two) senior management personnel of the Company. The remuneration of the directors, supervisors and two senior management personnel are disclosed in note 11.

40. 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:

	2017		2016	
	Effective interest rate Per annum	**RMB'000**	Effective interest rate Per annum	RMB'000
Fixed-rate finance lease and commercial factoring loan receivables	**10.72%**	**3,602,899**	10.5%	2,343,521
Fixed-rate bank deposits	**1.5%**	**616,068**	2.1%	419,855
Floating-rate bank deposits	**0.4%**	**713,296**	0.4%	1,225,688
Held-to-maturity financial assets	**6.19%**	**30,826**	5.81%	61,000
		4,963,089		4,050,064
Fixed-rate borrowings	**5.9%**	**2,295,199**	6.7%	1,677,746
Floating-rate borrowings	**4.93%**	**628,000**	5.8%	30,000
		2,923,199		1,707,746

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 expenses would decrease/increase by approximately RMB15,525,000 (2016: RMB17,580,000) for the year ended 31 December 2017.

40. 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 2017 represented 24% (2016: 32%) of total trade receivables, while 6% (2016: 9%) 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 24(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.

40. 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	Over 5 years RMB'000	Total RMB'000
Group					
At 31 December 2017					
Borrowings	**113,318**	**28,241**	**27,137**	**–**	**168,696**
Trade and other payables	**2,737,519**	**330**	**989**	**3,996**	**2,742,834**
At 31 December 2016					
Borrowings	1,766,674	–	–	–	1,766,674
Trade and other payables	4,162,742	–	–	–	4,162,742

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.

40. 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:

	2017				2016			
	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	**4,985**	**–**	**–**	**4,985**	8,250	–	–	8,250

There were no transfers between levels during the period.

41. 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:

	2017	2016
	RMB'000	RMB'000
Financial assets		
Loans and receivables	**6,790,281**	8,175,218
Available-for-sale financial assets	**20,785**	14,050
	6,811,066	8,189,268
Financial liabilities		
Financial liabilities measured at amortised cost	**5,592,956**	5,607,897

41. 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 RMB1,750,000 (2016: RMB750,000) as at 31 December 2017. The Derecognised Bills generally has maturity dates of less than six months at the end of 31 December 2017 and 2016. 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 2017 and 2016, 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 2017 and 2016.

42. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Borrowings RMB'000
At 1 January 2017	**1,707,746**
Changes from cash flows:	
Proceeds from borrowings	**2,869,163**
Repayment of borrowings	**(1,653,710)**
At 31 December 2017	**2,923,199**

43. EVENTS AFTER THE REPORTING PERIOD

(a) On 19 January 2018, an aggregate of 918,000,000 shares of the Company were placed through a placing agent at HK$0.65 per placing share to a placee, the gross proceeds of which amounted to HK$596.7 million.

(b) On 5 February 2018, the board of the Company announced that the Company received from China Securities Regulatory Commission an official approval document "Approval for the Public Issue of Corporate Bonds by Shanghai Dasheng Agriculture Finance Technology Co., Ltd. to qualified investors" (Zheng Jian Xu Ke [2018] No. 223), pursuant to which the Company is permitted to issue Corporate Bonds to the public with an aggregate principal amount of not exceeding RMB1.2 billion in the PRC.

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

(c) On 23 March 2018, the Company and Anhui Dasheng Niannianfu Bio-technology Company Limited (the "Vendor") entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire equity interest in Anhui Huaxing Chemical Industry Company Limited ("Anhui Huaxing"), for a cash consideration of approximately RMB5,577,000. The transaction was completed in April 2018 and constitutes a connected transaction under the Hong Kong Listing Rules. Pursuant to the sale and purchase agreement, the Vendor guarantees that the net profit (the "Actual Net Profit") of Anhui Huaxing for a period of five years from the date of the sale and purchase agreement (the "Guaranteed Period") shall be not less than RMB80,000,000 (the "Guaranteed Net Profit") per year, such that the Actual Net Profit in total for the Guaranteed Period shall be not less than RMB400,000,000, failing of which the Vendor shall pay the shortfall in cash.

(d) On 10 April 2018, Tianjin Galaxy Commercial Factoring Co., Ltd. issued and filed a statement of claim (the "Tianjin Galaxy Statement of Claim"), against Ruiying Xinrong (Shenzhen) Commercial Factoring Co., Limited, a non-wholly owned subsidiary of the Company, and Shenzhen Dasheng, under Tianjin Higher People's Court for a breach of refactoring agreements due to default in repayment of financing in a principal amount of RMB255 million and all related interests (the "Tianjin Galaxy Financing"). Dasheng (Fujian) Agricultural Ltd., Hong Kong Dasheng Investment Holdings Company Limited (subsidiaries of Shenzhen Dasheng) and Mr. Lan Huasheng (an executive Director and chairman of the Board), being the guarantors to the Tianjin Galaxy Financing, were also named as defendants in the Tianjin Galaxy Statement of Claim.

(e) On 23 April 2018, a bank issued and filed three statements of claim (the "Statements of Claim"), one of which against Shanghai Dasheng Agricultural Products Co., Ltd. and two of which against Shanghai Dasheng Agro-chemical Co., Ltd., both are wholly-owned subsidiaries of the Company, under the People's Court of Pudong New Area of Shanghai (the "Court") for a breach of loan agreements due to default in repayments of loans in an aggregate principal amount of RMB89.9 million and all related interests (the "Loans") (collectively, the "Legal Proceedings"). Shenzhen Dasheng and the Company, both being the guarantors to the Loans, were named as defendants in the Statements of Claim. The hearings of the Legal Proceedings, which were originally scheduled to be held on 21 June 2018 at the Court, were rescheduled and new hearing dates have yet to be set. In the opinion of the directors, the Legal Proceedings will not significantly affect the Group's normal operations and financial position.

(f) On 21 May 2018, the Company entered into an investment framework agreement (the "IF Agreement") with an independent third party (the "Purchaser") and Nantong Road and Bridge, pursuant to which the Company has intended to sell and the Purchaser has intended to purchase part of the equity interest in Nantong Road and Bridge (the "Disposal"). The Company and the Purchaser will further discuss on the Disposal and, if the IF Agreement is not terminated, enter into a formal agreement thereafter. The total consideration for the Disposal will be in cash and subject to further negotiation between the Company and the Purchaser, and will be determined by reference to the valuation results as set out in the valuation report issued by the valuer and filed with the State-owned Assets Supervision and Administration Commission. Based on preliminary estimation by management of the Company, the total equity value of the entire equity interest in Nantong Road and Bridge is expected to be not more than RMB1.3 billion. On 4 July 2018, the Company, the Purchaser and Nantong Road and Bridge entered into a supplemental agreement to the IF Agreement to extend the exclusivity period and the validity period of the IF Agreement.

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

(g) On 5 June 2018, CEFC Shanghai Securities Limited issued and filed a statement of claim (the "CEFC Statement of Claim"), against Shanghai Dasheng Agro-chemical Co., Ltd., under Shanghai No.2 Intermediate People's Court for a breach of loan agreement due to default in repayment of loan in a principal amount of RMB300 million and all related interests (the "CEFC Loan"). The Company, Shenzhen Dasheng, Dasheng (Fujian) Agricultural Ltd. and Hong Kong Dasheng Investment Holdings Company Limited, being the guarantors to the CEFC Loan, were also named as defendants in the CEFC Statement of Claim.

(h) On 19 June 2018, Nanjing Dasheng Cold Chain Logistics Co., Limited, a non-wholly owned subsidiary of the Company, issued and filed a statement of claim (the "Nanjing Dasheng Statement of Claim"), against Shanghai Dasheng Agro-chemical Co., Ltd., under Nanjing Intermediate People's Court for a breach of working capital loan agreement due to default in repayment of loan in a principal amount of RMB209,405,219 and all related interests (the "Nanjing Dasheng Loan"). The Company, being the guarantor to the Nanjing Dasheng Loan, was also named as defendant in the Nanjing Dasheng Statement of Claim.

(i) On 20 July 2018, the Company entered into a memorandum (the "Memorandum") with an independent third party (the "Due Diligence Party") in respect of the potential cooperation in the Company. Upon signing of the Memorandum, the Company agreed that personnel of the Due Diligence Party and the relevant intermediaries as commissioned by it shall conduct legal, financial and other due diligence on the Company's relevant assets, which will be used as a reference for the probability and feasibility for subsequent cooperation. Pursuant to the Memorandum, the personnel of the Due Diligence Party and the relevant intermediaries as commissioned by it shall complete the due diligence within next three months from the effective date of the Memorandum.

(j) In May 2018, one plaintiff applied for property preservation on the Company's equity interest in Nantong Road and Bridge amounting to approximately RMB49,972,000, as well as the Company's equity interest in Anhui Huaxing amounting to approximately RMB10,024,000. In June 2018, another plaintiff applied for property preservation on the Company's equity interest in Nantong Road and Bridge amounting to approximately RMB547,885,000, as well as the Company's equity interest in Anhui Huaxing amounting to approximately RMB180,000,000.

44. APPROVAL OF FINANCIAL STATEMENTS

Subsequent to the approval of the consolidated financial statements of the Group for the year ended 31 December 2017 by the Board of Directors on 20 March 2018 for the purposes of preliminary result announcement on the same date, in the light of the China CEFC Events and the Shenzhen Dasheng Event as described above in Note 24, the directors of the Company are of the view that further impairment of certain items, including trade receivables, finance lease receivable, factoring loans receivable and held-to-maturity financial assets, in the consolidated financial statements is needed. Those adjustments and the related revised disclosures have been incorporated in these consolidated financial statements, which were approved and authorised for issue by the Board of Directors on 31 July 2018.

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