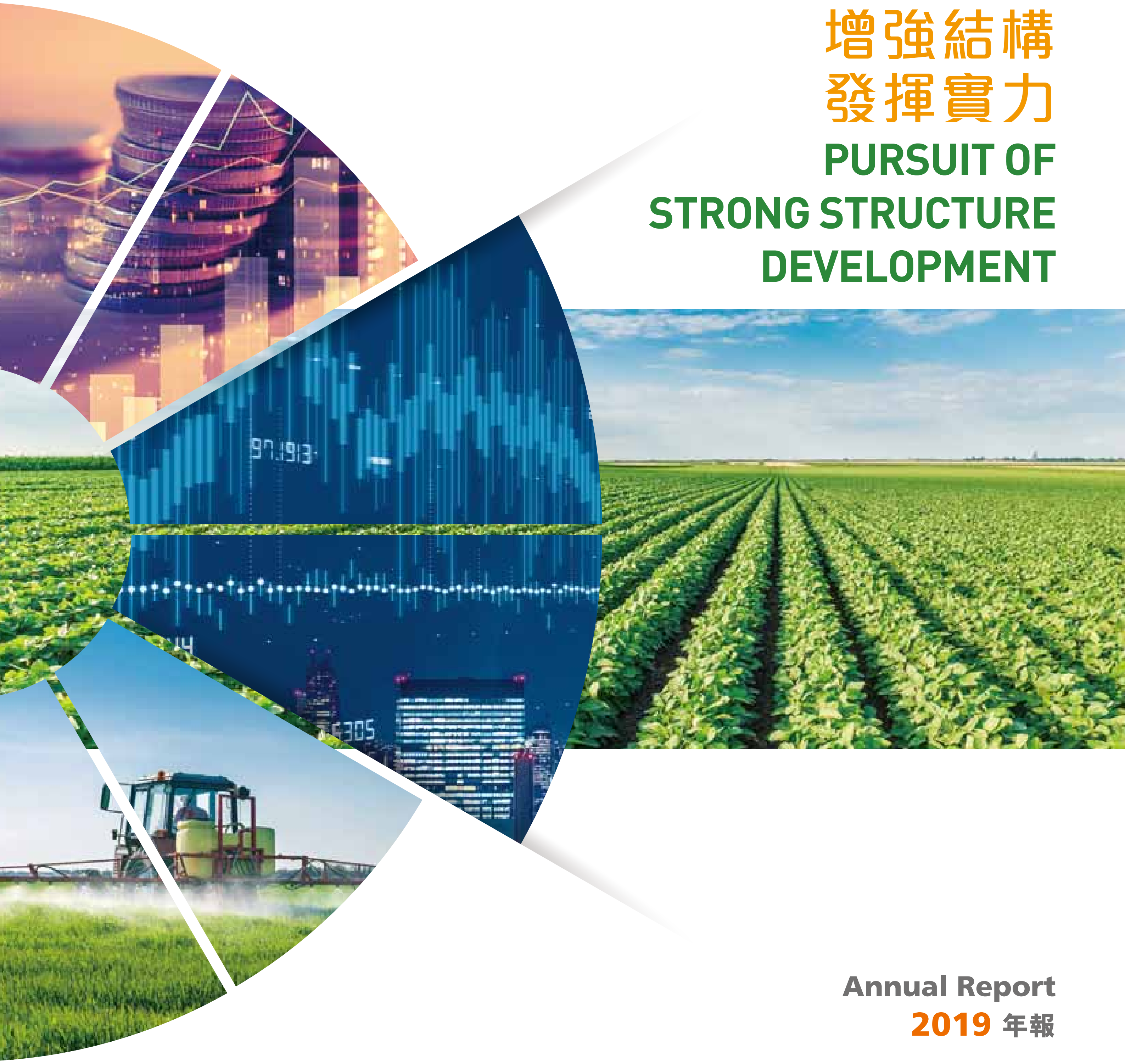
上海大生農業金融科技股份有限公司
Shanghai Dasheng Agriculture Finance Technology Co., Ltd.

(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

增強結構
發揮實力
PURSUIT OF STRONG STRUCTURE DEVELOPMENT



Annual Report
2019 年報

Contents

Summary of Financial Information

RESULTS

	For the year ended 31 December				
	2019	2018	2017	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	**1,443,787**	2,011,870	14,445,544	14,364,866	8,223,074
(Loss)/profit before income tax expense	**(262,683)**	(1,989,731)	(1,660,762)	449,673	382,487
(Loss)/profit for the year	**(853,817)**	(2,166,379)	(1,674,054)	344,609	284,182
(Loss)/profit attributable to owners of the Company	**(771,487)**	(1,986,782)	(1,520,116)	307,082	247,449
(Loss)/earnings per share (RMB) (basic and diluted)*	**(0.081)**	(0.209)	(0.179)	0.043	0.057

Notes:

* Basic and diluted earnings per share for the years ended 31 December 2017, 2016 and 2015 have been restated for the impact of the bonus issues of Shares in 2018.

ASSETS AND LIABILITIES

	As at 31 December				
	2019	2018	2017	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**1,099,272**	1,131,913	2,301,407	1,633,242	1,094,135
Current assets	**4,866,031**	6,004,521	6,102,203	7,791,319	5,228,491
Non-current liabilities	**(147,074)**	(514,395)	(639,481)	(70,606)	(63,098)
Current liabilities	**(6,491,192)**	(6,325,620)	(5,361,047)	(5,991,633)	(4,512,268)
Non-controlling interests	**560,546**	(97,169)	(360,560)	(290,461)	(267,547)
Capital and reserves attributable to owners of the Company	**(112,417)**	199,250	2,042,522	3,071,861	1,479,713

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Lan Huasheng *(Chairman)*
Wang Liguo *(Chief Executive Officer)*
Yan Zebin (appointed on 20 June 2019)

Non-Executive Director

Lu Tingfu (appointed on 20 June 2019)
Zhu Tianxiang (resigned on 1 March 2019)

Independent Non-Executive Directors

Chung Cheuk Ming
Yang Gaoyu
Zhou Jianhao (passed away on 3 February 2020)

SUPERVISORS

Zheng Yong *(Chairman)* (appointed on 20 June 2019)
Zhao Xufeng (appointed on 20 June 2019)
Ye Mingzhu
Sun Ting
Wang Bin
Lu Tingfu (re-designated on 20 June 2019)
Chen Yuanling (retired on 20 June 2019)

AUDITOR

Asian Alliance (HK) CPA Limited

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN CHINA

20F, Building G
Gateway International Plaza
No. 327 Tian Yao Qiao Road
Xuhui District
Shanghai, PRC

PLACE OF BUSINESS IN HONG KONG

Unit 2605, 26/F
Convention Plaza Office Tower
No. 1 Harbour Road
Wanchai
Hong Kong

COMPANY WEBSITE

www.dsgd-sh.co

COMPANY SECRETARY

Qian Di (appointed on 1 February 2019)

AUTHORISED REPRESENTATIVES

Lan Huasheng
Wang Liguo

MEMBERS OF THE AUDIT COMMITTEE

Chung Cheuk Ming *(Chairman)*
Lu Tingfu (appointed on 20 June 2019)
Yang Gaoyu
Zhu Tianxiang (resigned on 1 March 2019)

MEMBERS OF THE REMUNERATION AND ASSESSMENT COMMITTEE

Yang Gaoyu *(Chairman)*
Lu Tingfu (appointed on 3 February 2020)
Chung Cheuk Ming

MEMBERS OF THE NOMINATION COMMITTEE

Lan Huasheng *(Chairman)*
Chung Cheuk Ming
Yang Gaoyu

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

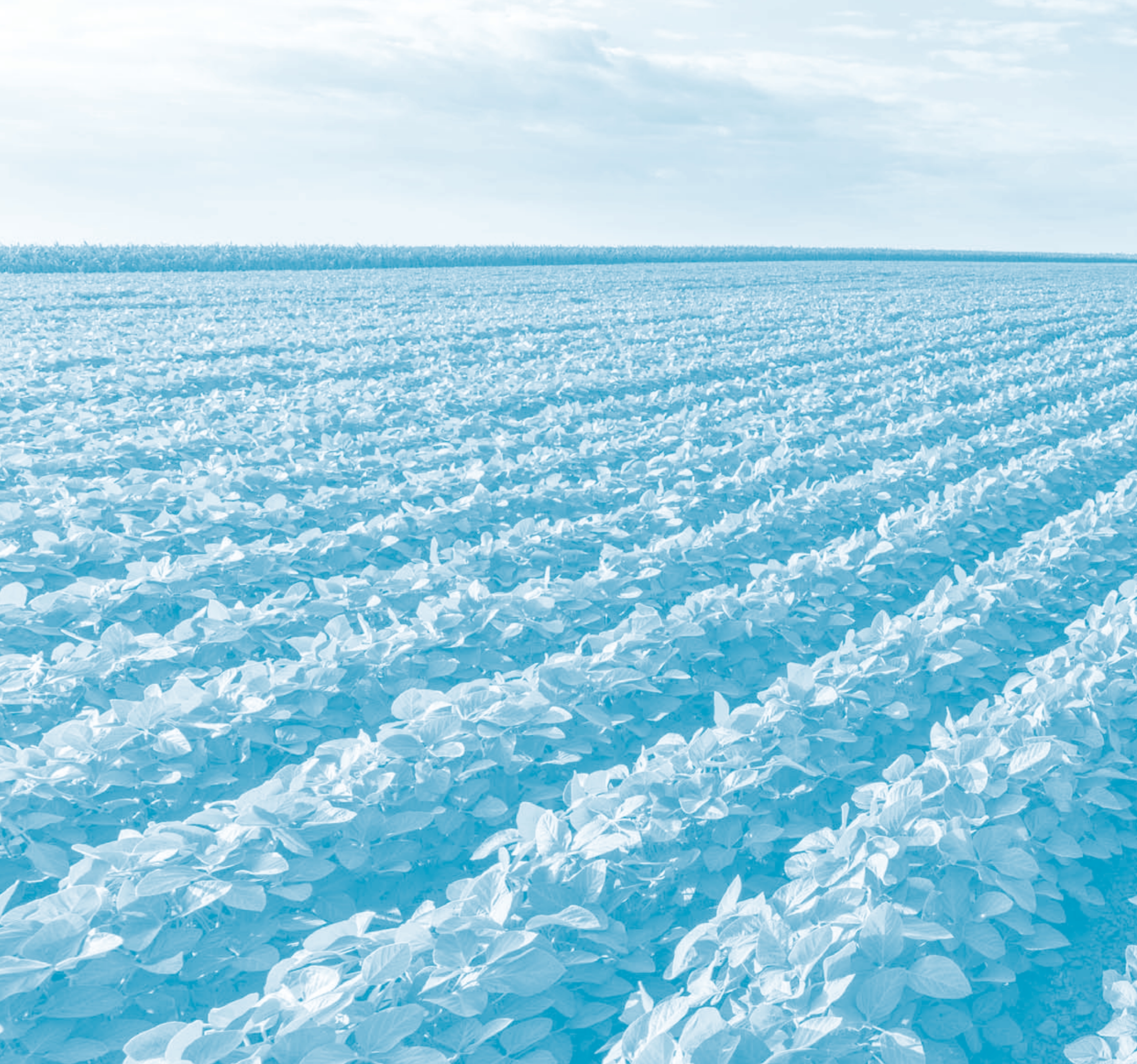
PRINCIPAL BANKERS

Bank of Jiujiang
Bank of Shanghai
SPD Bank

STOCK CODE

1103

EXPLORING NEW OPPORTUNITY



Chairman's Statement

2019 was a year full of challenges and uncertainties for businesses in the agricultural sector, having been affected by the ongoing trade frictions between China and the United States of America. It is expected that the Chinese agricultural chemicals industry would continue to be under severe pressure. During the year under review, the Group's operating strategies focused on stabilising and developing the agrochemical products supply chain services business segment. Meanwhile, the Company and its subsidiaries (the "**Group**") devoted great effort in managing its tightened cash flow and heavy debt burden, accelerating the adjustment and reorganisation of existing businesses, while actively discussing with potential external investors about possible cooperation opportunities.

BUSINESS OVERVIEW

The agrochemical product supply chain services segment is mainly operated by Anhui Huaxing Chemical Industry Company Limited* (安徽華星化工有限公司) ("**Anhui Huaxing**") and its subsidiary ("**Anhui Huaxing Group**"). In 2019, considerable progress has been made in areas including "Quality and efficiency improvement", "Environmental and safety production" and "Research and development" by Anhui Huaxing Group.

"Quality and efficiency improvement". During the year under review, Anhui Huaxing Group stayed committed to delicacy management and increased its production volume and efficiency as well as enhanced the rapid growth of economic benefits. In 2019, the revenue was approximately RMB1,410,743,000, representing an increase of 18% as compared to last year; the gross profit was approximately RMB269,819,000, representing an increase of 55% as compared to last year; and the gross profit margin was approximately 19.13%, representing an increase of 5% as compared to last year.

"Environmental and safety production". In 2019, the safety production goal was successfully achieved, and no accident occurred in the production system throughout the year. The annual environmental protection goal was achieved, and we have successfully passed the "double checks" of the environmental protection inspection.

"Research and development". Anhui Huaxing Group was re-certificated as a National High-tech Enterprise on 6 December 2019. Pursuant to the Enterprise Income Tax Law of the PRC, Anhui Huaxing Group enjoys preferential enterprise income tax rate of 15% during the period from January 2020 to January 2023. Anhui Huaxing Group continued to deepen cooperation with external research institutes and enterprises in 2019, and achieved remarkable results in research and development. Its newly developed products demonstrated its better market competitiveness. Anhui Huaxing was invited to compile professional group norms of the pesticide industry, which has significantly enhanced its influence within the industry. Anhui Huaxing was awarded the "Corporate Citizen Model • Most Socially Responsible Enterprise" in the Chinese petroleum and chemical industry in 2019.

As at the date of this report, Anhui Huaxing Group has the Pesticide Engineering Technology Research Center of the Anhui Province, one provincial enterprise technology center, two pesticide research institutes and one national post-doctoral research station. Besides, it boasts more than 70 patents, which include 15 authorised invention patents, and is currently registering over 180 trademarks. Anhui Huaxing Group rolled out nine national-level key new products and over 20 high-tech products in the Anhui Province, seven of which bridged the gap in domestic agrochemical products.

Over the past two years, the management of the Group (the "**Management**") dedicated its efforts in resolving the Group's historical financial problems and sought to improve its overall cash flow position. In addition, in order to alleviate the financial pressure faced by the Group, the Management had in-depth discussions with creditors, banks and potential investors to facilitate possible debt restructuring and the overall business rationalisation.

PROSPECT

There were both opportunities and challenges for us in 2019 and in the first quarter of 2020 as we have seen market turbulence and uncertainties due to certain macro-economic factors, for instance, the slowdown of China's GDP growth, the US-China trade war and the outbreak of the coronavirus disease (COVID-19). Nonetheless, we are generally optimistic about the long-term prospect of our agrochemical products supply chain industry and our business. Whilst we expect that the outbreak of the coronavirus disease would bring short-term negative impacts on economic activities in China in the first quarter of 2020, Anhui Huaxing will continue to focus its resources on the development of "clean, smart, green" production, and at the same time will also focus on technological innovation, targeting ester materials as its key transformational development, increase the output value of chemical new materials segment, seek to achieve an increase of 8-10 percentage points on the output value of green smart glyphosate preparation segment in order to compensate the declined benefits resulting from the original drug reduction of glyphosate, as well as create a sustainable enterprise with green benchmark.

In addressing the adverse impact resulted from any uncertainties on dampening the industry recovery pace, the Group will adapt to the situation and continue to promote the prevention and mitigation of existing risks. Based on the external market environment and the actual operating conditions of the Group, we will accelerate the restructuring of our current business and focus resources on developing our core business and explore new opportunities.

APPRECIATION

Finally, I wish to express my gratitude to the members of the board (the "**Board**") of directors of the Company (the "**Directors**"), 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
Shanghai, PRC, 7 May 2020

CONSOLIDATING THE MOMENTUM

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS REVIEW

In 2019, the external economic and market environment remained in a haze, thereby the Group's operating strategies still focused on establishing the agrochemical products supply chain services business segment, accelerating the adjustment and reorganization of the existing businesses, while actively discussing with potential external investors about possible cooperation opportunities.

The Group has been actively managing its liquidity position and legal proceedings arisen from the Group's financial conditions as a result of the events occurred in March 2018 relating to 中國華信能源有限公司 (China CEFC Energy Company Limited*) ("**China CEFC**") (the "**CEFC Events**"). In December 2019, the Company's approximate 91.3% equity interest (the "**Nantong Shares**") in Nantong Road and Bridge Engineering Co., Ltd. (南通路橋工程有限公司) ("**Nantong Road and Bridge**") were put on auction, and the Nantong Shares were successfully sold at the second auction in January 2020 with a revised reserve price of RMB456.32 million. Upon completion of the transfer of the Nantong Shares, Nantong Road and Bridge was no longer a subsidiary of the Company.

During the year under review, turnover of the Group was approximately RMB1,443,787,000, representing a decrease of approximately 28.24% as compared to last year. Such decrease in turnover of the Group was primarily due to the stagnant state of the agricultural and petrochemical products supply chain service business segment, which is partially offset by the increasing production and satisfactory performance of agrochemical products supply chain services business segment. During the year under review, the Group recorded gross profit of approximately RMB280,394,000, representing an increase of approximately 52.57% as compared to the same period last year. Loss attributable to owners of the Company for the year was approximately RMB771,487,000, representing a decrease in loss of approximately 61.17% as compared to last year.

BUSINESS OPERATIONS

The existing main businesses of the Group comprise four business sectors, namely "agrochemical products supply chain services", "agricultural big-data services", "financial leasing and commercial factoring business" and "agricultural and petrochemical products supply chain service business".

After the successful auction of the Nanjing Bao Ze Equity Investment Fund Co., Limited* (南京寶澤股權投資基金股份有限公司) ("**Bao Ze**") pledged under a loan for debt repayment (the "**Bao Ze Pledged Shares**") on 21 January 2019, the Company no longer engages in the cold chain logistics services, and the Group has removed the "cold chain logistics business" from the consolidated financial statements of the Group. Please refer to the announcements of the Company dated 8 July 2018, 16 October 2018, 16 November 2018, 19 December 2018, 27 December 2018, 11 February 2019 and 19 February 2019 for details.

After the successful auction of the Nantong Shares on 6 January 2020 and the completion of its disposal on 19 January 2020, the Company no longer engages in road and bridge construction, and the Group has removed the "road and bridge construction business" from the Group. Please refer to the announcements of the Company dated 29 June 2018, 1 March 2019, 30 May 2019, 23 September 2019, 18 October 2019, 22 October 2019, 4 December 2019, 10 December 2019, 6 January 2020 and 24 February 2020 for details.

AGROCHEMICAL PRODUCTS SUPPLY CHAIN SERVICES BUSINESS

In 2019, Anhui Huaxing demonstrated satisfying performance in the agrochemical products supply chain services business. As a high-tech enterprise certified by China, by virtue of its own technologies, Anhui Huaxing had managed to produce specific items that were listed in the "New and High Technology Areas with the Government's Primary Support", including pesticide technical materials such as glyphosate, fipronil, nicosulfuron, monosultap, imidacloprid, 2-methyl-4-chlorophenoxyacetic acid and so forth. Compared with the same period last year, the production and marketing of the items mentioned above assumed a steady increase. The accumulative production of Anhui Huaxing was approximately 400,000 tonnes, sales of products reached approximately 322,000 tonnes, and the achieved production-to-sale ratio was approximately 80.5%.

During the year under review, in the context of greater emphasis being applied on security and environmental protection by the PRC government, Anhui Huaxing had been committed to the research and development investment in environmental protection, with an investment of a total of approximately RMB62 million, which achieved tangible results in improving the efficiency of devices, reducing production consumption, as well as upgrading the transformation and treatment process of both waste water and waste gas. Under the guidance of the PRC governmental policies "Focus on environmental protection, maintain sales, and give full play to production efficiency", Anhui Huaxing commenced working on various aspects such as environmental protection, production, sales and scientific research, responded rapidly to market and policy changes, and maintained a stable business growth.

During the year under review, turnover of the Group's agrochemical products supply chain services was approximately RMB1,410,743,000, representing approximately 97.71% of the total turnover of the Group; the gross profit was approximately RMB269,819,000, and the gross profit margin was approximately 19.13%. The increase in the Group's turnover during the year under review was primarily attributable to the continuous production of agrochemical products during the year, which fully met the Group's production plans.

FINANCIAL LEASING AND COMMERCIAL FACTORING BUSINESS

During the year under review, turnover of the Group's financial leasing and commercial factoring business was approximately RMB12,111,000, representing approximately 0.84% of the total turnover of the Group; and the gross loss was approximately RMB2,098,000.

AGRICULTURAL BIG DATA SERVICE BUSINESS

The Group's agricultural big-data services mainly comprise the provision of software related services, including installation and technical support of payment platform systems. The major customers of this segment are wholesalers of the agricultural products in different regions of China. The major suppliers of this segment are point-of-sale (POS) machine manufacturers.

During the year under review, turnover of the Group's agricultural big-data service business was approximately RMB15,165,000, representing approximately 1.05% of the total turnover of the Group; the gross profit was approximately RMB13,151,000 and the gross profit margin was approximately 86.72%.

AGRICULTURAL AND PETROCHEMICAL PRODUCT SUPPLY CHAIN SERVICE BUSINESS

The Group's agricultural and petrochemical product supply chain service business mainly comprise the trading of the agricultural and petrochemical products and is mainly operated by three subsidiaries of the Company.

During the year under review, turnover of the Group's agricultural and petrochemical products supply chain service business was approximately RMB5,768,000, representing approximately 0.40% of the total turnover of the Group; and the gross loss was approximately RMB478,000. The gross loss of the Group's agricultural and petrochemical products supply chain service business was primarily due to its stagnant performance during the year under review.

DISCONTINUED BUSINESSES

Road and Bridge Construction Business

Nantong Road and Bridge is the second largest road and bridge engineering enterprise in the Jiangsu Province, and the largest road and bridge enterprise in Nantong City. The Company was operating its road and bridge construction business in the PRC through Nantong Road and Bridge, which is a 91.3%-owned subsidiary of the Company including but not limited to road and bridge construction, municipal public utility construction, traffic safety facility construction, road maintenance, lease of construction machinery and consultancy of engineering technology.

The Shanghai Second Intermediate People's Court* (上海市第二中級人民法院) (the "**Shanghai Court**") published an auction announcement on the public auction network (www.gpai.net) ("**Gongpai Auction**") to put the Nantong Shares on auction through the network platform of Gongpai Auction for the repayment of borrowings due to Nanjing Dasheng. After the successful auction of the Nantong Shares, the Company is no longer engaged in the provision of road and bridge construction.

Cold Chain Logistics Service Business

The Group commenced its cold-chain logistics services since April 2017 through the acquisition of equity interest in Bao Ze.

The Nanjing Intermediate People's Court of Jiangsu Province* (江蘇省南京市中級人民法院) published an auction announcement on the network platform of Alibaba Judicial Auction* (sf.taobao.com) ("**Ali Auction**") to put the Bao Ze Pledged Shares on auction through the network platform of Ali Auction for the repayment of borrowings due to Nanjing Dasheng. After the successful auction of the Bao Ze Pledged Shares on 21 January 2019, the Company is no longer engaged in the provision of cold chain logistics services.

OTHER INCOME AND GAINS

During the year under review, the Group's other income and gains were approximately RMB32,247,000 (2018: approximately RMB56,820,000), representing a decrease of approximately 43.25% as compared to last year. The decrease in other income and gains was primarily attributable to the decrease in income from sales of scraps and other material and government grants.

DISTRIBUTION COSTS

During the year under review, the Group's distribution costs were approximately RMB55,522,000 (2018: approximately RMB60,118,000), representing an decrease of approximately 7.64% as compared to last year. The decrease in distribution costs was primarily attributable to the stagnant state of the agricultural and petrochemical products supply chain service business segment during the year under review.

ADMINISTRATIVE AND OTHER EXPENSES

For the year ended 31 December 2019, administrative and other expenses of the Group were approximately RMB218,055,000 (2018: approximately RMB216,489,000), representing an increase of approximately 0.72% as compared to last year. The slight increase in administrative and other expenses was primarily attributable to the stagnant state of the agricultural and petrochemical products supply chain service business segment during the year under review.

IMPAIRMENT LOSSES, NET OF REVERSAL

For the year ended 31 December 2019, reversal of impairment loss on trade and other receivables amounted to approximately RMB56,832,000 (2018: impairment loss of approximately RMB2,279,627,000). Such reversal of impairment loss for the year under review was primarily attributable to certain repayments received by the Group during the year under review as compared to the significant impairment of the Group's trade and other receivables during the year ended 31 December 2018 as a result of the CEFC Events.

FINANCE COSTS

For the year ended 31 December 2019, finance costs of the Group were approximately RMB342,254,000 (2018: approximately RMB151,249,000), representing an increase of approximately 126.29% as compared to last year. The increase in finance costs is primarily due to the certain borrowings that were overdue during the year under review that were not renewed or settled, which carried additional penalty interest.

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the year ended 31 December 2019, loss attributable to owners of the Group was approximately RMB771,487,000 (2018: approximately RMB1,986,782,000), representing a decrease in loss of 61.17% as compared to last year. The decrease in loss attributable to owners of the Group was primarily due to the significant impairment of the Group's trade and other receivables during the year ended 31 December 2018. The basic and diluted loss per share attributable to owners of the Company during the period from continuing and discontinued operations were approximately RMB0.081 (2018: approximately RMB0.209), representing a decrease in loss of 61.24% as compared to last year.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Capital Structure

As at 31 December 2019, the Group had total assets less current liabilities of approximately RMB(525,889,000) (31 December 2018: approximately RMB810,814,000), including non-current assets of approximately RMB1,099,272,000 (31 December 2018: RMB1,131,913,000) and net current liabilities of approximately RMB1,625,161,000 (31 December 2018: approximately RMB321,099,000).

As at 31 December 2019, the Group's equity attributable to owners of the Company was approximately RMB(112,417,000), representing a decrease of approximately 156.42% as compared to that of approximately RMB199,250,000 as at 31 December 2018, which was mainly attributable to the continuous loss making during the year.

Liquidity and Financial Resources for Continuing Operations

As at 31 December 2019 and 31 December 2018, the Group had restricted bank deposits and cash and cash equivalents of approximately RMB216,499,000 and RMB269,745,000, respectively.

As at 31 December 2019 and 31 December 2018, the Group had short-term borrowings of approximately RMB2,112,786,000 and RMB2,125,947,000, respectively.

As at 31 December 2019 and 31 December 2018, the Group had long-term borrowings of approximately RMB139,061,000 and RMB447,745,000, respectively.

As at 31 December 2019 and 31 December 2018, debt to asset ratios of the Group were approximately 111.3% and 95.8%, respectively. Debt to asset ratio was calculated as the percentage of total liabilities divided by total assets.

Foreign Exchange Risk

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

Pledge of Assets for Continuing Operations

As at 31 December 2019, the Group's right-of-use assets (2018: payments for leasehold land held for own use under operating leases) with a net book value of approximately RMB57,211,000 (31 December 2018: approximately RMB59,124,000) were pledged as security for the Group's bank borrowings. As at 31 December 2019, property, plant and equipment with a net book value of approximately RMB420,294,000 (31 December 2018: approximately RMB460,692,000) were pledged as security for the Group's borrowings. As at 31 December 2019, the Group had restricted bank deposits of approximately RMB5,548,000 (31 December 2018: approximately RMB20,493,000) as collateral for bank borrowings and the issuance of commercial notes, performance bonds and bid bonds to customers.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, 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 21 May 2018, the Company entered into an investment framework agreement with an independent third party and Nantong Road and Bridge, pursuant to which the Company intended to sell and such purchaser intended to purchase part of the equity interest in Nantong Road and Bridge (the "**Possible Disposal**"). As Nantong Shares were put by the Shanghai Court on the first auction in December 2019, the Possible Disposal did not proceed. The Nantong Shares were successfully sold at the second auction in January 2020 with a revised reserve price of RMB456.32 million. On 19 January 2020, the disposal of the Nantong Shares was completed, and after such disposal, Nantong Road and Bridge was no longer a subsidiary of the Company.

On 19 June 2018, Nanjing Dasheng Cold Chain Logistics Co., Limited* (南京大生冷鏈物流股份有限公司) ("**Nanjing Dasheng**") filed a statement of claim against Shanghai Dasheng Agro-chemical Co., Ltd* (上海大生農化有限公司) for a breach of working capital loan agreement due to default in repayment of loan. On 19 February 2019, the Company received an execution ruling in relation to the successful auction of the Bao Ze Pledged Shares. Upon the completion of the transfer of the Bao Ze Pledged Shares, Bao Ze and its subsidiaries, which carried out the Group's cold chain logistics services operation in the PRC, would no longer be a subsidiary of the Company. The disposal of Bao Ze was completed on 21 January 2019, and after such disposal, Bao Ze was no longer a subsidiary of the Company.

INVESTMENT BY POTENTIAL INVESTOR

On 4 March 2019, the Company entered into an intent cooperation framework agreement (the "**Framework Agreement**") with Gui'an Xinqu Xinxing Chanye Development Fund Management Company Limited* (貴安新區新興產業發展基金管理有限公司) (the "**Potential Investor**"), pursuant to which the Potential Investor intends to invest in the Company (the "**Potential Investment**"). The Potential Investment may result in the Potential Investor becoming a substantial shareholder of the Company. As at the date of this report, the terms and conditions of the formal agreement are yet to be determined and no agreement has been reached between the Company and the Potential Investor in relation thereto.

USE OF PROCEEDS FROM THE PLACING AND THE SUBSCRIPTION OF SHARES

The remaining proceeds of approximately HK$349.5 million of the net proceeds from the subscription of domestic shares and placing of H shares of the Company pursuant to the shareholders' approval at the extraordinary general meeting held on 20 January 2017 (the "**2017 Subscription and Placing**") had been re-allocated towards the repayment of the existing indebtedness of the Group. The remaining proceeds from the 2017 Subscription and Placing had been fully utilised as intended during the reporting period. Please refer to the Company's announcement dated 18 April 2019 for details.

Biographical Details of Directors and Supervisors

BOARD OF DIRECTORS

Executive Directors

Mr. Lan Huasheng (蘭華升), aged 48, has served as the chairman of the Board and an executive Director of the Company since June 2014. He is the chairman of the nomination committee of the Company. 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. Wang Liguo (王立國), aged 58, has served as executive Director and vice president of the Company since June 2014 and the chief executive officer of the Company since February 2019. 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.

Mr. Yan Zebin (顏澤彬), aged 57, has served as executive Director since June 2019 and is currently the chairman of the board of directors and secretary of the party committee of Anhui Huaxing since July 2016. He is also the executive director and the legal representative of Anhui Zhongcheng Agricultural Technology Co., Ltd. since January 2017. Mr. Yan worked at Jingmen Refining and Chemical Machinery Co., Ltd.*, previously known as Sinopec Jingmen Petrochemical Factory, between July 1985 to June 1987. He was a member of the Youth League Committee of the Jingmen Branch of Sinopec Co.,Ltd., previously known as Sinopec Jingmen Petrochemical Head Factory between June 1987 and November 1993. Mr. Yan served as the general manager of Jingmen Hengsheng Petrochemical Co., Ltd. between November 1993 and March 1996. He was the general manager of Jingmen Petrochemical Chemical Trading Company between March 1996 and March 2001. Mr. Yan was the general manager of China Petrochemical Hubei Xinghua Co., Ltd. (currently known as Guotou Electrical Co., Ltd., a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600886)), as well as the general manager of Shanghai Shihua Real Estate Development Co., Ltd. between March 2001 and August 2005. He was the secretary of the party committee, a director and the vice general manager of Hubei Jinshi Refinery Construction Co., Ltd. (previously known as Jingmen Petrochemical Engineering Construction Company) between August 2005 and December 2013. He served as the general manager of Shanghai CEFC International Group Co., Ltd. between January 2014 and August 2016. Mr. Yan was elected to act as the chairman of Fine Petrochemical Industry Base Management Committee of the Anhui Province since August 2017. He was also a Ma'anshan Municipality representative of the National People's Congress of the PRC. Mr. Yan was awarded the "2018 China Environmental News Agency Environmentalist Award" by China Environmental News in October 2018. Since August 2016, Mr. Yan has held positions in various associations, including the vice president of the China Pesticide Development and Application Association and the vice president of the Anhui Pesticide Industry Association. Mr. Yan graduated from Lanzhou Petroleum Institute in the PRC specialising in refinery machinery in July 1985. He graduated from Wuhan University in the PRC with a bachelor's degree in investment economics teaching by way of correspondence in June 1995.

Non-executive Director

Mr. Lu Tingfu (盧挺富), aged 49, has served as non-executive Director of the Company since June 2019. He is the member of the audit committee, and remuneration and assessment committee. He is also a director of Anhui Huaxing since October 2019. He was a Supervisor representing shareholders of the Company from June 2014 to June 2019. 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.

Independent Non-executive Directors

Mr. Chung Cheuk Ming (鍾卓明), aged 57, 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. Yang Gaoyu (楊高宇), aged 52, has served as an independent nonexecutive 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 in the PRC, a Judicial Accounting Appraiser 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.* (Shenzhen Stock Exchange: 300115) and Baolingbao Biology Co., Ltd.* (Shenzhen Stock Exchange: 002286). Mr. Yang obtained his master's degree of business administration from New York Institute of Technology in 2010.

SUPERVISORS

Mr. Zheng Yong (鄭永), aged 46, has been a shareholders' representative Supervisor since June 2019 and is currently the vice general manager of Shenzhen Dasheng. Mr. Zheng previously held various management positions in media organizations including China Huayi Broadcasting Corporation and China Huayi Broadcast Company Website between July 2012 and July 2014. Mr. Zheng was the publicity director of Shenzhen Dasheng between September 2014 and December 2017. Mr. Zheng graduated from Shandong University in the PRC specialising in Chinese language in July 1997.

Mr. Zhao Xufeng (趙旭峰), aged 43, has been an independent Supervisor since June 2019 and is currently the partner of Shanghai New Jahwa CPAs Accountancy Co., Ltd. He is a certified public accountant in the PRC and a fellow of CPA Australia. Mr. Zhao was a senior auditor of Andersen (Shanghai) Enterprise Consulting Co., Ltd. between July 1998 and July 2002. He served as an accounting manager of Dazhong Insurance Co., Ltd. between July 2002 and June 2005. Mr. Zhao was the manager of the accounting service department of Shanghai Jahwa Accountancy Co., Ltd. between July 2005 and December 2007. He was the senior manager of the corporate service department of Shanghai Grant Thornton Pan Chen Zhang Jahwa Accountancy Co., Ltd. between January 2008 and June 2009. He was certified as a SHICPASNAI top CPA by the Shanghai National Accounting Institute and the Shanghai Institute of Certified Public Accountant in August 2012. Mr. Zhao graduated from the Shanghai University of Finance & Economics in the PRC majoring in international business administration in June 1998.

Ms. Sun Ting (孫婷), aged 34, was 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 52, was 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.

Ms. Ye Mingzhu (葉明珠), aged 74, 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.

Corporate Governance Report

The Board of Shanghai Dasheng Agriculture Finance Technology Co., Ltd. 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 2019.

On 3 February 2020, Mr. Zhou Jianhao, an independent non-executive Director, the chairman of the remuneration and assessment committee, a member of the nomination committee and a member of the audit committee, passed away due to ill health. Following the passing of Mr. Zhou, the Board comprises six members, including three executive directors, one non-executive director and two independent non-executive directors, with the number of independent non-executive directors falling below the minimum number of three as required under Rule 3.10(1) of the Listing Rules.

On 28 April 2020, the Board proposed to appoint Mr. Liu Jun as an independent non-executive Director, which is subject to approval by the shareholders of the Company at the annual general meeting ("**AGM**") to be held on 30 June 2020 by way of an ordinary resolution according to the articles of association of the Company (the "**Articles**"). On 7 May 2020, the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") has granted to the Company a waiver from strict compliance with Rule 3.10(1) of the Listing Rules for the period from 3 May 2020 to 30 June 2020. For details, please refer to the Company's announcements dated 28 April 2020 and 7 May 2020.

The manner in which the code provisions in the CG Code are applied and implemented during the year ended 31 December 2019 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' and supervisors' securities transactions. Having made a specific enquiry, all the Directors and the Supervisors confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2019.

BOARD OF DIRECTORS

The Board, which currently comprises six 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 and Supervisors" section on pages 16 to 18 of this 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 three executive Directors, the Company has also appointed one non-executive Director and two independent non-executive Directors who have appropriate and sufficient experience and qualifications to carry out their duties so as to protect the interests of the shareholders.

The members of the Board during the year ended 31 December 2019 and up to the date of this report are:

Executive Directors:
Mr. Lan Huasheng (Chairman)
Mr. Wang Liguo (Chief Executive Officer)
Mr. Yan Zebin (appointed on 20 June 2019)

Non-executive Director:
Mr. Lu Tingfu (appointed on 20 June 2019)

Independent non-executive Directors:
Mr. Chung Cheuk Ming
Mr. Yang Gaoyu
Mr. Zhou Jianhao (passed away on 3 February 2020)

The Company has received written annual confirmation from each of the current 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 and Supervisors" section of this 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 2019, the Board convened a total of 16 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 2019 are as follows:

Directors	Attendance/Meetings held Board	Remuneration and Assessment Committee	Nomination Committee	Audit Committee	General meeting and class general meeting*
Executive Directors:					
Mr. Lan Huasheng (Chairman)	16/16		4/4		1/1
Mr. Wang Liguo (Chief Executive Officer)	16/16				1/1
Mr. Yan Zebin (appointed on 20 June 2019)	7/7				1/1
Non-executive Director:					
Mr. Lu Tingfu (appointed on 20 June 2019)	7/7	0/0		1/1	1/1
Independent Non-executive Directors:					
Mr. Chung Cheuk Ming	16/16	1/1	4/4	3/3	1/1
Mr. Yang Gaoyu	16/16	1/1	4/4	3/3	1/1
Mr. Zhou Jianhao (passed away on 3 February 2020)	16/16	1/1	4/4	3/3	1/1

* *In 2019, the Company convened one annual general meeting.*

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer (the "**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 ended 31 December 2019, the role of chairman and CEO was vested on Mr. Lan Huasheng and Mr. Wang Liguo (who was appointed on 11 February 2019), respectively. Mr. Qian Di, the current company secretary of the Company, was appointed as the acting CEO with effect from 27 December 2018 and resigned as the acting CEO with effect from 11 February 2019. 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 three 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. All Directors shall be elected and removed by the shareholders in general meeting according to the Articles. 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.

The current Directors confirmed that they have complied with code provision A.6.5 of the CG Code on directors' continuous professional development. During the year ended 31 December 2019, the continuous professional development taken by the respective Directors are as follows:

Name	Training received *(Note)*
Executive Directors	
Mr. Lan Huasheng	A, B
Mr. Wang Liguo	A, B
Mr. Yan Zebin (appointed on 20 June 2019)	A, B
Non-executive Director	
Mr. Lu Tingfu (appointed on 20 June 2019)	A, B
Independent Non-executive Directors	
Mr. Chung Cheuk Ming	A, B
Mr. Yang Gaoyu	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 (the "**Remuneration and Assessment Committee**") was established in 2005 (originally known as the remuneration committee and was subsequently renamed 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 comprises one non-executive Director and two independent non-executive Directors, namely. Mr. Lu Tingfu, Mr. Yang Gaoyu and Mr. Chung Cheuk Ming. Mr. Yang Gaoyu is the chairman of the Remuneration and Assessment Committee.

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 held one meeting during the year ended 31 December 2019 and made recommendations to the Board on the remuneration packages of individual Directors and Supervisors with reference to the corporate objectives.

Senior management of the Group during the year ended 31 December 2019 comprised Mr. Qian Di. The remuneration of members of the senior management by band for the year ended 31 December 2019 is set out below:

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

Nomination Committee

The Company established the nomination committee (the "**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. As at 31 December 2019, the chairman of the committee is Mr. Lan Huasheng, the other members include Mr. Chung Cheuk Ming and Mr. Yang Gaoyu.

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 Nomination 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.

The Nomination Committee held four meetings during the year ended 31 December 2019 where it reviewed the structure, size and composition of the Board, identified individuals suitably qualified to become Board members, and made recommendations to the Board on the selection of individuals nominated for directorships.

The Board has established a set of nomination policy (the "**Nomination Policy**") setting out the approach to nominate suitable candidates to the Board for it to consider and make recommendations to Shareholders for election as Directors at general meetings or appoint as Directors to fill casual vacancies. The criteria of nomination have been considered from a number of aspects, including but not limited to, skills, experience, qualifications and aspects as detailed in the board diversity policy as set out below.

The Nomination Committee shall convene meetings to review the qualification of candidates after collecting certain background information, including their occupation, academic background and work experience, to determine whether such candidate is qualified for directorship. The Nomination Committee shall then submit recommendations and the relevant materials to the Board concerning the candidates for directorship for consideration and decision.

In assessing the Board composition, the Board has adopted a board diversity policy (the "**Board Diversity 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 Nomination Policy and Board Diversity 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. According to the Articles, the Board shall comprise seven Directors. As at the date of this report, the Board comprises six Directors. Two of them are independent non-executive Directors, thereby promoting critical review and control of the management process. The Company has identified an appropriate candidate to fill the vacancy of the Board to fulfill the requirements under the Articles and the Listing Rules and on 28 April 2020, the Board proposed to appoint Mr. Liu Jun as an independent non-executive Director, which is subject to approval by the shareholders of the Company at the annual general meeting to be held on 30 June 2020 by way of an ordinary resolution according to the Articles.

Audit Committee

The audit committee of the Company (the "**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 auditors. The Audit Committee comprises two independent non-executive Directors, namely, Mr. Chung Cheuk Ming and Mr. Yang Gaoyu and a non-executive Director, Mr. Lu Tingfu. The chairman of the Audit Committee is Mr. Chung Cheuk Ming.

The Audit Committee held three meetings during the year with management and/or representatives of the external auditors 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 auditors, 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 2018 and the audited annual results for the year ended 31 December 2018 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 auditors and reviewing any non-audit functions performed by the external auditors including whether such non-auditing functions could lead to any potential material adverse effect on the Company. During the year ended 31 December 2019, the remuneration paid/ payable to the Company's external auditors (the "**Auditors**") for its statutory audit services and non-audit services were RMB2,329,000 and RMB51,000, 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 support of the financial controller of the Group 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 aims 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 auditors to the shareholders are set out on page 54 of this report.

GOING CONCERN BASIS

The Auditors do not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2019 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

Mr. Qian Di was appointed as the company secretary of the Company on 1 February 2019. He is responsible to the Board for advising the Board on corporate governance matters. As confirmed by Mr. Qian, he has taken no less than 15 hours of relevant professional training during the year ended 31 December 2019 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 the 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 its 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 its 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 meeting 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, the Nomination Committee and the Remuneration and Assessment Committee will make themselves available at the AGM to meet with the shareholders of the Company.

The forthcoming AGM will be held on 30 June 2020. The notice of AGM will be sent to shareholders of the Company in due course in accordance with the requirements of the Listing Rules.

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 20F, Building G, Gateway International Plaza, No. 327 Tian Yao Qiao Road, Xuhui District, Shanghai, PRC (postal code: 200030) or Unit 2605, 26/F, Convention Plaza Office Tower, No. 1 Harbour Road, Wanchai, Hong Kong.

AGM shall be convened once every year and within six 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

No amendments has been made to the Articles during the year ended 31 December 2019. On 7 May 2020, the Board proposed to amend relevant articles of the Articles.

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 2019.

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 four 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, authorisation 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 2019. 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 2019, the supervisory committee of the Company (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 for its accountability to the shareholders.

I. CHANGES IN MEMBERS OF THE SUPERVISORY COMMITTEE

The changes of Supervisors during the year ended 31 December 2019 are as follows:

On 20 June 2019, (i) Ms. Ye Mingzhu, was re-elected as independent Supervisor of the sixth session of the Supervisory Committee, (ii) Mr. Zheng Yong and Mr. Zhao Xufeng were elected and appointed as a shareholders' representative Supervisor and an independent Supervisor of the sixth session of the supervisory committee of the Company; and (iii) Ms. Sun Ting and Mr. Wang Bin were democratically elected as staff representative Supervisors.

Mr. Lu Tingfu, who has been appointed as a non-executive Director, retired, upon the conclusion of the annual general meeting of the Company held on 20 June 2019, from his position as the shareholders' representative Supervisor of the fifth session of the supervisory committee of the Company.

Ms. Chen Yuanling, retired, upon the conclusion of the annual general meeting of the Company held on 20 June 2019, from her position as the independent Supervisor of the fifth session of the supervisory committee of the Company.

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

During the year ended 31 December 2019, 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 AGM; 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 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 to be submitted by the Board for approval at the forthcoming AGM are in accordance with the relevant laws and regulations and the Articles;

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;

3. during the year ended 31 December 2019, the transaction price of the Group's asset disposal was equitable and reasonable, and no insider transaction or behaviors causing damages to the shareholders' benefits have been found; and

4. the consolidated financial statements of the Company for the year ended 31 December 2019 were audited by Asian Alliance (HK) CPA Limited, who do not express an opinion on the consolidated financial statements of the Group for the year due to the significance of the matters described in the Basis of Disclaimer of Opinion in the independent auditor's report setout in this report and the auditors hare mat been provided with appropriate audit evidence to provide a basis for an audit opinion on the Company's consolidated financial statements for the year ended 31 December 2019. The related parties transactions were in compliance with the relevant provisions of the Listing Rules 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

Zheng Yong
Chairman of the Supervisory Committee

Shanghai, PRC, 7 May 2020

Report of the Board of Directors

The Board presents their report together with the audited financial statements of the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activities of the Company is the research and development, production and marketing of pesticides and other agricultural material products. As at the date of this report, the principal activities of the Group are agrochemical products supply chain services business, agricultural big data services business, financial leasing and commercial factoring business and agricultural and petrochemical products supply chain service business. The business sectors, namely road and bridge construction business and cold chain service logistics business were deemed to be discontinued operations of the Group. The activities of its subsidiaries are set out in note 7 to the financial statements.

SEGMENT INFORMATION

Details of segment information are set out in note 7 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2019 are set out in the consolidated statement of comprehensive income on pages 55 to 56.

The state of affairs of the Group and of the Company as at 31 December 2019 are set out in the consolidated statement of financial position, respectively, on pages 57 to 58 and page 209.

No interim dividend was declared for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

The Board does not recommend the payment of any final dividend for the year ended 31 December 2019 (2018: Nil).

DIVIDEND POLICY

The dividend policy of the Company will be determined and reviewed from time to time by the Board. The Board will take into account factors such as general business conditions, the Company's earnings, financial condition, capital requirements, cash requirement and availability, business strategies, the interests of Shareholders and such other factors the Board consider to be relevant.

According to the Articles, the Company shall withdraw 10% of the annual after-tax profits as the statutory common reserve fund of the Company. Such withdrawal may be stopped when the statutory common reserve fund of the Company accumulated has exceeded fifty percent (50%) of the registered capital of the Company. If the statutory common reserve fund is insufficient to make up for the losses of the preceding year, the profits of the current year shall first be used to make up for the said losses before any statutory common reserve fund is withdrawn. After statutory common reserve fund is withdrawn out of the after-tax profits, discretionary common reserve fund may be withdrawn as per resolutions of shareholders' general meeting. The remaining profits after recovering losses and withdrawing common reserve funds shall be distributed as dividends to the shareholders in the proportion of their shareholding percentages. The Company shall not distribute dividend or bonus before recovering the losses and withdrawing statutory common reserve fund.

The Board may decide to distribute interim or special dividends as authorised by the general meeting. The Company's ability to pay dividends is also subject to the requirements of the Listing Rules and relevant applicable laws, rules and regulations in the PRC and the Articles. Moreover, in addition to cash, the dividends may be paid up in the form of the Company's shares. The past dividend distribution by the Company shall not be used as a reference or basis to determine the amount of dividends to be declared in the future.

FIXED ASSETS

Details of movements in property, plant and equipment, prepaid lease payments and investment properties of the Company and the Group are set out in notes 19, 20 and 21 to the consolidated financial statements respectively.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in note 38 to the consolidated 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 50 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company was calculated in accordance with the provisions of the Company Law of the PRC, being the jurisdiction in which the Company was established. As at 31 December 2019, 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 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 of this report.

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. Wang Liguo
Mr. Yan Zebin (appointed on 20 June 2019)

Non-executive Director

Mr. Lu Tingfu (appointed 20 June 2019)

Independent Non-executive Directors

Mr. Chung Cheuk Ming
Mr. Yang Gaoyu
Mr. Zhou Jianhao (passed away on 3 February 2020)

The Company has received from each of the current independent non-executive Directors an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules and considers that all independent non-executive Directors to be independent.

In accordance with Article 94 of the Articles, 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 AGM convened on 20 June 2019. All members of the current session of the Board have a term of three years commencing from 20 June 2019.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SUPERVISORS

Brief biographical details of the Directors and the Supervisors are set out on pages 16 to 19 of this report.

UPDATE ON DIRECTORS' INFORMATION

Mr. Yan Zebin, an executive Director, ceased to be the general manager and legal person of the party committee of Anhui Huaxing during the year ended 31 December 2019.

Mr. Lu Tingfu, a non-executive Director, became a director of Anhui Huaxing since October 2019.

CHANGE OF DIRECTORS AND BOARD COMMITTEE MEMBERS

The change of Directors during the year ended 31 December 2019 and as at the date of this report are as follows:

On 1 March 2019, Mr. Zhu Tianxiang resigned from his position as a non-executive Director and ceased to hold any other position with the Group, and ceased to be a member of the audit committee of the Board.

On 20 June 2019, members of the fifth session of the Board, namely, Mr. Lan Huasheng, Mr. Wang Liguo, Mr. Chung Cheuk Ming, Mr. Yang Gaoyu and Mr. Zhou Jianhao were re-elected as Directors of the sixth session of the Board, and Mr. Yan Zebin and Mr. Lu Tingfu were elected and appointed as Directors of the sixth session of the Board.

On 3 February 2020, following the passing of Mr. Zhou Jianhao, the independent non-executive Director, Mr. Yang Gaoyu, the independent non-executive Director and Mr. Lu Tingfu, the non-executive Director, have been appointed as the Chairman and a member of the remuneration and assessment committee, respectively.

CHANGE OF CHIEF EXECUTIVE OFFICER AND COMPANY SECRETARY

Ms. Lo Suet Fan resigned as the company secretary of the Company on 8 December 2018. Mr. Qian Di was appointed as the company secretary of the Company with effect from 1 February 2019 and the Company has complied with Rules 3.28 and 8.17 of the Listing Rules since then.

Mr. Qian Di has resigned as the acting chief executive officer of the Company with effect from 11 February 2019 and Mr. Wang Liguo, an executive director and the vice president of the Company, has been appointed as the chief executive officer of the Company with effect from the same date.

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. No Director and Supervisor entered into a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

EMOLUMENT POLICY

The Group remunerates its employees, including the Directors and Supervisors, on the basis of their merit, qualifications and competence. Our employees are subject to regular job performance reviews which determine their promotion prospects and compensation.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in this 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 2019, the interests or short positions of the Directors, chief executives and 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 (the "**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 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) *(notes 1 and 2)*	54.29%	19.04%
	H shares	Interest in controlled corporation	247,000,000 (L) *(notes 1 and 3)*	3.98%	2.59%
2. Mr. Lu Tingfu (Non-executive Director)	Domestic shares	Interest in controlled corporation	1,818,013,540 (L) *(notes 1 and 2)*	54.29%	19.04%
	H shares	Interest in controlled corporation	247,000,000 (L) *(notes 1 and 3)*	3.98%	2.59%

L = Long position

Notes:

(1) Shenzhen Dasheng and Hong Kong Dasheng Investment Holdings Company Limited ("**HK Dasheng Investment**") hold 1,818,013,540 domestic shares and 247,000,000 H shares of the Company, respectively. As HK Dasheng Investment is wholly owned by Shenzhen Dasheng, which in turn is owned as to 70% by Shenzhen Qianhai Dasheng Equity Investment Fund Co., Ltd. ("**Qianhai Dasheng**") and 30% by Dasheng Holdings Limited ("**Dasheng Holdings**"), and each of Qianhai Dasheng and Dasheng Holdings is owned as to 70% and 30% by Mr. Lan Huasheng and Mr. Lu Tingfu, respectively. By virtue of the SFO, Mr. Lan Huasheng and Mr. Lu Tingfu are deemed to be interested in 1,818,013,540 domestic shares and 247,000,000 H shares of the Company held by Shenzhen Dasheng and HK Dasheng Investment, respectively.

(2) 1,818,013,540 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) 200,000,000 H shares are pledged by HK Dasheng Investment as security for a loan granted by a third party for its own use.

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

As at 31 December 2019, 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) *(notes 1 and 2)*	54.29%	19.04%
	H shares	Interest in controlled corporation	247,000,000 (L) *(notes 1 and 3)*	3.98%	2.59%
2. Dasheng Holdings	Domestic shares	Interest in controlled corporation	1,818,013,540 (L) *(notes 1 and 2)*	54.29%	19.04%
	H shares	Interest in controlled corporation	247,000,000 (L) *(notes 1 and 3)*	3.98%	2.59%
3. Shenzhen Dasheng	Domestic shares	Beneficial owner	1,818,013,540 (L) *(notes 1 and 2)*	54.29%	19.04%
	H shares	Interest in controlled corporation	247,000,000 (L) *(notes 1 and 3)*	3.98%	2.59%
4. HK Dasheng Investment	H shares	Beneficial owner	247,000,000 (L) *(note 3)*	3.98%	2.59%
5. Zhenjiang Runde Equity Investment Fund Ltd. (鎮江潤得股權投資基金有限公司) **("Zhenjiang Runde")**	Domestic shares	Beneficial owner	1,530,986,460 (L) *(note 5)*	45.71%	16.03%
6. Xinzhong Stable Investment Fund Limited	H shares	Beneficial owner	1,732,000,000 (L) *(note 4)*	27.93%	18.13%
7. Zhong Hua	H shares	Interest in controlled corporation	1,732,000,000 (L) *(note 4)*	27.93%	18.13%

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 247,000,000 H shares of the Company held by Shenzhen Dasheng and HK Dasheng Investment, respectively, and Shenzhen Dasheng is deemed to be interested in the 247,000,000 H shares held by HK Dasheng Investment.

(2) 1,818,013,540 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.

(3) 200,000,000 H shares are pledged by HK Dasheng Investment as security for a loan granted by a third party for its own use.

(4) The interests refer to the same parcel of shares of the Company.

(5) 1,530,986,460 domestic shares are charged by Zhenjiang Runde in favour of a third party as security for a loan for Company, and the loan amount is for Company's own use. On 22 April 2019, Wang Liguo, an executive Director and the chief executive officer of the Company, entered into an equity transfer agreement with an independent third party and transferred his 100% direct equity interest in Zhenjiang Runde, representing his entire shareholding in the Company to such independent third party. Following the abovementioned transfer, Wang Liguo ceased to hold any direct or indirect interest in the Company and Zhenjiang Runde remains a direct substantial shareholder of the Company.

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	6.13%
– five largest customers combined	18.08%
Purchases	
– the largest supplier	4.52%
– five largest suppliers combined	18.39%

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 2019.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2019, the Group had the following continuing connected transactions. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

On 26 December 2016, Shanghai Runtong and Ever Fortune (Xiamen) Financial Leasing Co., Ltd.* (瑞盈信融(廈門)融資租賃有限公司) (**"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. The annual caps of such continuing connected transactions of each year of the term of the lease years are RMB2,696,000, RMB3,487,000 and RMB5,148,000. Relevant details were set out in the announcement of the Company dated 26 December 2016.

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 lease back 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. The annual caps of such continuing connected transactions of each year of the term of the lease years are RMB3,099,000, RMB5,129,000 and RMB11,847,000. 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 Rule 14A.55 of the Listing Rules 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.

Asian Alliance (HK) CPA Limited, the Company's external Auditors, 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. Asian Alliance (HK) CPA 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 Auditors' 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 2019 are disclosed in note 47 to the financial statements. Other than the transactions disclosed in the section headed "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	
	2019	2018
Functions:		
Management	**50**	80
Sales and Marketing	**60**	72
Accounting and finance	**70**	88
Administration and human resources	**40**	60
Legal	**7**	10
Information system	**1**	3
Technical and quality control	**50**	50
Storage centre	**15**	21
Civil Engineer	**480**	505
Construction workers	**579**	939
Total	**1,352**	1,828

As at 31 December 2019, the Group had 1,352 employees (31 December 2018: 1,828 employees). During the year under review, total employees' remuneration (including Directors' remuneration) amounted to approximately RMB139,201,000 (2018: approximately RMB142,047,000). Employees' remuneration is determined by reference to industry practice as well as the performance, qualification and working experience of individual employee. Remuneration packages comprised basic salary, discretionary bonus, state-managed retirement benefit schemes for employees in the PRC and mandatory provident funds schemes for employees in Hong Kong.

The Group did not have a record of significant labour dispute or strike which 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 2019 are set out in Notes 4 and 39 to the consolidated 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 report and which will set out the performance of the Group in the environmental and social aspects during the year ended 31 December 2019.

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 the liquid shortage of Shenzhen Dasheng ("**Shenzhen Dasheng Events**") as detailed in the Note 30(f) to the consolidated 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 45 to the consolidated financial statements headed "FINANCIAL INSTRUMENTS – Financial Risks Management Objectives and Policies".

Business Risk

Underlying Risks associated with the Business Relationship between China CEFC Group, Shenzhen Dasheng and the Affected Customers

Given the business relationship between China CEFC and its subsidiaries ("**China CEFC Group**") and/or Shenzhen Dasheng and certain customers of the Company's agricultural and petrochemical product supply chain service business ("**Trading Business**") (the "**Affected Trading Customers**") and the agricultural industry chain financial service business ("**Factoring Business**") (the "**Affected Factoring Customers**", together with the Affected Trading Customers, the "**Affected Customers**") are in financial difficulties and are unable to make repayments of the trade receivables, finance lease receivables and factoring loan receivables to the Group, the Group's businesses, financial conditions, results of operations or future prospects may be affected by risks and uncertainties directly or indirectly pertaining to the businesses and financial conditions of China CEFC Group and Shenzhen Dasheng. The risk factors set out below are those that could result in the Group's businesses, financial conditions, results of operations or future prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

High concentration on customers which are also business counterparties of China CEFC Group and Shenzhen Dasheng

The Group's customer base for the Trading Business and the Factoring Business is concentrated on companies which are also business counterparties of China CEFC Group and/or Shenzhen Dasheng. Any downturn of the operation condition of China CEFC Group and/or Shenzhen Dasheng or their respective ability to repay the debts due to the Group's customers has been or is likely to be lost, these may also affect the Group's customers, which may in turn affect their ability to make payments to the Group in a timely manner or at all. Due to the CEFC Events and the Shenzhen Dasheng Events, both the Trading Business and the Factoring Business encountered adverse operation difficulties because the Affected Customers are in financial difficulties and they are unable to settle the outstanding trade and loan payables, which led to a material adverse effect on the Group's financial conditions and results of operations.

Reliance on underlying receivables due from China CEFC Group for the Factoring Business

The accounts receivable factoring services provided by the Group to certain customers of the Factoring Business were based on the underlying account receivables of such factoring customers due from the members of China CEFC Group. The amount of factoring loan receivables arisen from transactions from customers/suppliers of China CEFC Group as at 31 December 2019 amounted to approximately RMB2,689 million. The high underlying debtor concentration may subject the Group to credit exposure to certain underlying debtors. The Group faces high concentration risk from credit exposure to the underlying debtors in the Factoring Business. Any deterioration in the financial conditions or results of operations of the underlying debtors could undermine the quality of the factoring assets and the Group's ability to grant new financing to customers, which in turn could materially and adversely affect the Group's business, financial conditions and results of operations. Due to the CEFC Events, the Affected Factoring Customers are in financial difficulties and unable to settle the outstanding loan payments, and the Group encountered difficulties to request the repurchase by the Affected Factoring Customers or to collect the underlying receivables from China CEFC Group.

Uncertainties on asset quality or impairment in the collectability of accounts receivable

The Group is subject to the credit risks of our customers and the underlying debtors, and may not receive full and/or timely repayment of trade and loan receivables. As the Affected Customers and/or the underlying debtors delayed or defaulted on their payments, the Company has to make additional provision for impairment, write off the relevant receivables, and/or incur additional legal costs in order to enforce its factoring assets. Any deterioration in the Group's asset quality or impairment in the collectability of its accounts receivable could have a material adverse effect on the Group's financial conditions, results of operations and future prospects. The quality of factoring assets has deteriorated due to the CEFC Events and the Shenzhen Dasheng Events which are beyond the Company's control and has caused operational, financial and liquidity problems to the Affected Customers.

Measures to Mitigate Such Risks

The Company is currently experiencing high debt level, liquidity shortage and material adverse change in its financial conditions, and both the Trading Business and the Factoring Business encountered adverse operation difficulties and significant decrease of revenue as compared to last year mainly attributable to the lack of working capital to run the businesses resulting from the failure of the Affected Customers to settle the outstanding trade and loan payments. Having considered the recoverability of the trade and other receivables of these customers, the Company has recorded an impairment loss of approximately RMB4,873 million and RMB4,750 million in relation to their trade and other receivables as at 31 December 2018 and 31 December 2019, respectively.

In light of the available working capital and customer demand in future, the management of the Company has no plan to expand the Trading Business and the Factoring Business as they require substantial amount of cash to operate. The Company foresees that these businesses may continue to experience significant loss in the coming future and intends to carry out a business restructuring, including disposing of certain subsidiaries and associates of the Company relating to the Factoring Business. The Management will continue to implement cost controls and adjust the organisation structure (if necessary) from time to time in order to minimise the loss of these businesses.

Apart from cessation of carrying out the cold chain logistics services business, the Company also ceased to carry out its road and bridge construction business through the Gongpai Auction to put the Nantong Shares on auction through the network platform of Gongpai Auction for the repayment of borrowings due to CEFC. After the successful auction of the Nantong Shares, the Company is no longer engaged in the provision of road and bridge construction, details of which are set out in the announcements of the Company dated 29 June 2018, 1 March 2019, 30 May 2019, 23 September 2019, 18 October 2019, 22 October 2019, 4 December 2019, 10 December 2019, 6 January 2020 and 24 February 2020.

To the Company's best knowledge and belief, none of the customers and suppliers in the agricultural big-data services business and the agrochemical products supply chain services business are related to China CEFC Group or Shenzhen Dasheng. As such, the Company is of the view that business risks as mentioned in "Underlying Risks associated with the Business Relationship between China CEFC Group, Shenzhen Dasheng and the Affected Customers" and their further impacts on the Group's business operation shall be able to be mitigated.

The Company will keep its shareholders and investors informed of developments in relation to the Group's business operation and financial position, the legal proceedings and other matters by way of further announcement(s) as and when appropriate.

COMPETING INTERESTS

As at 31 December 2019, 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 the PRC 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 the PRC and in Hong Kong. Accordingly, the Group should comply with various applicable laws and regulations in the PRC and Hong Kong.

On 3 February 2020, Mr. Zhou Jianhao, an independent non-executive Director, the chairman of the remuneration and assessment committee, a member of the nomination committee and a member of the audit committee, passed away due to ill health. Following the passing of Mr. Zhou, the Board comprises six members, including three executive directors, one non-executive director and two independent non-executive directors, with the number of independent non-executive directors falling below the minimum number of three as required under Rule 3.10(1) of the Listing Rules. On 28 April 2020, the Board proposed to appoint Mr. Liu Jun as an independent non-executive Director, which is subject to approval by the shareholders of the Company at the AGM to be held on 30 June 2020 by way of an ordinary resolution according to the Articles. On 7 May 2020, the Stock Exchange has granted to the Company a waiver from strict compliance with Rule 3.10(1) of the Listing Rules for the period from 3 May 2020 to 30 June 2020. For details, please refer to the Company's announcement dated 28 April 2020 and 7 May 2020.

During the year ended 31 December 2019 and up to date of this report, save as disclosed in this 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.

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN THE PRC

The Company's principal place of business in the PRC has been changed to 20F, Building G, Gateway International Plaza, No. 327 Tian Yao Qiao Road, Xuhui District, Shanghai, PRC, with effect from 14 January 2019.

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 report.

AUDIT QUALIFICATIONS FOR THE YEAR ENDED 31 DECEMBER 2019

As disclosed in this report, the Auditors issued a disclaimer of opinion ("**2019 Audit Qualifications**") on the consolidated financial statements of the Group for the year ended 31 December 2019 due to the (i) limitation of scope on prior year's scope limitation affecting opening balances, comparative figures and related disclosures; (ii) limitation of scope on gain on disposal of subsidiaries; (iii) limitation of scope on loss on disposal of a subsidiary, impairment loss on interests in associates and share of loss of associates; and (iv) multiple uncertainties in relation to going concern and their possible cumulative effect on the consolidated financial statements, as described in the paragraph headed "Basis of Disclaimer of Opinion" of the independent auditor's report contained in this report. The Board would like to provide further information in relation to the following 2019 Audit Qualifications:

Management's view on and Plans to Address the 2019 Audit Qualifications

(1) Limitation of scope on prior year's scope limitation affecting opening balances, comparative figures and related disclosures

As disclosed in the Company's announcement dated 6 August 2019, the qualified opinion on consolidated statement of profit and loss for the year ended 31 December 2018 would have carryforward effect for the year ended 31 December 2019 as a result of the comparability of the 2019 figures and the corresponding 2018 figures. Such qualified opinion on the 2018 Financial Statements would not have carryforward effect for the year ending 31 December 2020.

The Management has discussed with the Auditors and confirmed that since the Auditors expressed a disclaimer of opinion on the 2019 figures of the Group, this will have carryforward impact on the Company's annual results for the year ending 31 December 2020 as the 2019 figures will form the basis for the corresponding figures presented in the consolidated financial statements for the year ending 31 December 2020.

(2) Limitation of scope on gain on disposal of subsidiaries

The Management has been using its best endeavours to discuss and liaise and arrange with Bao Ze Group for a long period of time since January 2020 in relation to the provision of relevant information and supporting documents for the Auditors to perform the necessary audit procedures. The Company was informed by Bao Ze Group that time was required to go through internal approval process to provide the Auditors with certain audit documentation requested for, particularly in light of the coronavirus disease outbreak, which disrupted Bao Ze Group's internal approval process. However, Bao Ze Group did not manage to provide such audit documentation to the Auditors and the Company prior to the publication of this report.

As the disposal of Bao Ze was completed during the year ended 31 December 2019, as discussed with the Auditors, the Management is of the view that the limitation of scope is a one-off incident, which will only affect the comparative figures but not the opening balance on the consolidated financial statements for the year ending 31 December 2020.

(3) Limitation of scope on loss on disposal of a subsidiary, impairment loss on interest in associates and share of loss of associates

During the year ended 31 December 2019, in order to remove the audit qualification in relation to the limitation of scope on interest in an associate during the year ended 31 December 2018, the Company transferred its 100% equity interest in HK Dasheng Agriculture, a subsidiary of the Company prior to such transfer and a shareholder of Shanghai Yi He, so as to remove such audit qualification in the Group's results for the year ending 31 December 2020.

After the completion of the disposal of HK Dasheng Agriculture, it was no longer a subsidiary of the Company and hence, the Company was not in possession of relevant financial information requested by the Auditors. The Management has been using its best endeavours to discuss and liaise and arrange with HK Dasheng Agriculture since January 2020 in relation to the provision of relevant information and supporting documents for the Auditors to perform the necessary audit procedures but the management of HK Dasheng Agriculture failed to provide all integral financial information of Shanghai Yi He requested by the Auditors in relation to the year ended 31 December 2019.

As the disposal of HK Dasheng Agriculture was completed during the year ended 31 December 2019, as discussed with the Auditors, the Management is of the view that the limitation of scope is a one-off incident, which will only affect the comparative figures but not the opening balance on the consolidated financial statements for the year ending 31 December 2020.

(4) Multiple uncertainties in relation to going concern

As at the date of this report, the outstanding material debts from the Group's agricultural and petrochemical products supply chain services business remain stable and had not been called for repayment yet. However, the Company is of the view that, there is no further room for negotiation with the debtors on the probable settlement of the outstanding material debts (including extension/ renewal/refinancing/cash repayment/debt conversion to equity etc.) from the remaining business operations of the Group. The Company shall explore other ways to handle the outstanding debts. The Company's action plans to settle its total borrowings of approximately RMB2.25 billion as at 31 December 2019 are as follows:

- certain outstanding debts owed to the debtors under the Jiujiang Legal Proceedings and the CEFC Legal Proceedings will be settled directly by the relevant court to the extent possible with net proceeds from the auction of the Nantong Shares, which had been closed on 6 January 2020 with an auction result of RMB456.32 million, the disposal of which was completed on 19 January 2020. The Company expects that such settlement(s) will be completed within the year ending 31 December 2020;

- the Group commenced agrochemical products supply chain services in 2018 through Anhui Huaxing Group and strives to develop and enhance this continuing operations segment. For the year ended 31 December 2019, the turnover of the agrochemical products supply chain services represented 97.71% of the Group's total revenue. Further, Mr. Yan Zebin from Anhui Huaxing Group has been appointed as a new executive Director in June 2019. The Company is of the view that an additional member to the Board would enhance the efficiency of decision making of the Board and bring in new ideas or options for the Company to overcome the current difficulties; and

- the Company is proactive in exploring possible debt restructuring opportunities, including disposal of loss-making subsidiaries, devising probable new repayment plans with debtors, reaching out for new investors etc. As disclosed in the Company's announcement dated 4 March 2019, the Company entered into the Framework Agreement on the same date pursuant to which the Potential Investor intended to invest in the Company. As at the date of this report, the Potential Investment is still pending and the Company has no other concrete investment plans.

The Company will keep its shareholders and investors informed of developments in relation to the Group's business operation and financial position, investment plans, the legal proceedings and other matters by way of further announcement(s) as and when appropriate.

Audit Committee's view on the 2019 Audit Qualifications

The Audit Committee has critically reviewed the Management's position on the major judgement areas and concurred with the positions of the Management to the Audit Qualifications and the basis thereof.

SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

(a) On 22 February 2019, the Shanghai Court issued a civil mediation order, ordering Shanghai Agro-chemical to make a one-off repayment of approximately RMB310,052,481.49 (including the principal amounts and related interests) and the overdue interests/advance interests and the corresponding legal fee and guarantee fee incurred (the "**Repayment**").

As Shanghai Agro-chemical failed to fulfil the Repayment, pursuant to the such civil mediation order, CEFC Securities was entitled to reach an agreement with the Company for the priority of compensation claims against proceeds from auction or realisation of the Company's interest in the shares of Shanghai Agro-chemical which is under property preservation. Each of Shenzhen Dasheng, Dasheng (Fujian) Agricultural Ltd.* (大生(福建)農業有限公司)* ("**Dasheng Fujian**") and Hong Kong Dasheng Investment Holdings Company Limited* (香港大生投資控股有限公司) ("**Hong Kong Dasheng**") shall undertake joint and several guarantee liability for the Repayment.

On 18 April 2019, the Company received two enforcement notices dated 10 April 2019 and 12 April 2019 issued by the Shanghai Court in relation to an application for compulsory enforcement action of claims made by CEFC Securities pursuant to the Civil Mediation Order. According to such enforcement notices, the Shanghai Court ordered that the Company shall repay an aggregate sum of RMB338,411,779.11 (being the principal amounts, overdue interests, compound interests, legal fees and guarantor fees). As Shanghai Agro-chemical failed to comply with its repayment obligations such enforcement notices, the Shanghai Court ordered that (i) the bank deposits of the Company, Shanghai Agro-chemical, Shenzhen Dasheng, Dasheng Fujian and Hong Kong Dasheng in the amount of RMB338,817,590.89 be frozen and appropriated; (ii) in the case of insufficient funds in their bank accounts, the assets of the Company, Shanghai Agro-chemical, Shenzhen Dasheng, Dasheng Fujian and Hong Kong Dasheng of corresponding value be sealed up, distrained, auctioned or sold; and (iii) the Nantong Shares be sealed up, distrained, auctioned or sold. As such, the Disposal did not proceed.

On 24 February 2020, the Company received an execution ruling dated 19 January 2020 issued by the Shanghai Court in relation to the CEFC Legal Proceedings and the successful auction of the Nantong Shares (the "**CEFC Execution Ruling**"). According to the CEFC Execution Ruling, the successful bidder is eligible to initiate the transfer of the Company's interest in the Nantong Shares from the date of receipt of the CEFC Execution Ruling. Upon completion of the transfer of the Nantong Shares, Nantong Road and Bridge was no longer be a subsidiary of the Company.

The disposal of Nantong Road and Bridge was completed on 19 January 2020. Details of the above proceedings and auction are set out in the Company's announcements dated 29 June 2018, 1 March 2019, 30 May 2019, 22 October 2019, 4 December 2019, 10 December 2019, 6 January 2020 and 24 February 2020.

(b) On 14 March 2019, the Company was informed by Bank of Shanghai Company Limited Pudong Branch (the "**Bank of Shanghai**") that, Shenzhen Dasheng, being one of the guarantors to Loans (as defined in the announcement dated 28 May 2018), has repaid RMB40 million to the Bank of Shanghai pursuant to one of the civil judgements against Shanghai Agro-chemical received by the Company on 30 October 2018. As Shenzhen Dasheng is a substantial shareholder and a connected person of the Company under the Listing Rules, the above repayment constitutes a provision of financial assistance from a connected person of the Company and hence a connected transaction under Chapter 14A of the Listing Rules. Details of such repayment are set out in the Company's announcement dated 14 March 2019.

(c) On 11 July 2019, the Company received a civil judgment dated 11 July 2019 made by the Shanghai Court in relation to the default in (i) payment of outstanding consideration for the acquisition of the entire equity interest in Shanghai Kaiyi Corporate Management Consultancy Co., Ltd.* (上海諧易企業管理諮詢有限公司) ("**Shanghai Kaiyi**"), a direct wholly-owned subsidiary of the Company and a guarantor to the outstanding sums due by the Company to Zhenjiang City Zhiying Investment Management Centre (Limited Partnership)* (鎮江市智贏投資管理中心(有限合夥))(the "**Pledgee**"), which was completed on 27 July 2016 and (ii) loan owned to Mr. Wu Hongbin and Madam Yan Xiefang in an aggregate amount of approximately RMB148,796,000 and all related interests (the "**Zhiying Legal Proceedings**").

According to such civil judgment, the Company shall repay Mr. Wu Hongbin, Madam Yan Xiefang and the Pledgee (collectively, the "**Plaintiffs**") (i) the outstanding consideration in the amount of RMB139,166,715 (together with related interests), (ii) the overdue interests, (iii) the Plaintiffs' legal fee in the amount of RMB500,000, and (iv) the Plaintiffs' property preservation liability insurance premium in the amount of RMB119,000. In the event that the Company fails to fulfil its repayment obligations set out above, the Plaintiffs are entitled to enter into an agreement with Shanghai Kaiyi, where the Plaintiffs may be compensated through the value conversion of the 80% equity interest in Shanghai Runtong Industrial and Investment Co., Limited* (上海潤通實業投資有限公司) pledged by Shanghai Kaiyi in favour of the Pledgee under an equity pledge agreement entered into between Shanghai Kaiyi, the Pledgee and the Company dated 21 March 2018 (the "**Shanghai Runtong Shares**"), or be compensated on a preferential basis through auction or sale of the Shanghai Runtong Shares.

The Group made an appeal application on the said civil judgment which was accepted by the Shanghai Higher People's Court* (上海市高級人民法院) on 16 September 2019.

On 19 January 2020, the Shanghai Higher People's Court issued a civil mediation order, pursuant to which the Company shall repay the Plaintiffs on or before 14 February 2020 (i) the consideration of RMB129,166,715; (ii) the overdue interests on the consideration of RMB129,166,715 at the rate of 8% per annum accrued from 10 October 2018 up to the date of repayment; (iii) the Plaintiffs' legal fee of RMB500,000; and (iv) the Plaintiffs' property preservation liability insurance premium of RMB119,000. In the event that the Company fail to fulfil its repayment obligations set out under the civil mediation order, the Plaintiffs are entitled to enter into an agreement with Shanghai Kaiyi, where the Plaintiffs may be compensated through the value conversion of the Shanghai Runtong Shares pledged by Shanghai Kaiyi in favour of the Pledgee, or be compensated on a preferential basis through auction or sale of the Shanghai Runtong Shares.

As at the date of this report, no auction procedure or realisation of the Shanghai Runtong Shares had been initiated. Details of the Zhiying Legal Proceedings are set out in the Company's announcement dated 11 July 2019 and 22 January 2020.

(d) On 4 September 2019, the Jiujiang Bank issued and filed a statement of claim against the Company under the Guangzhou Court for breach of loan agreement due to the Company being named "a dishonest person subject to enforcement" and the deterioration of the Company's financial condition, which constitute an event of default under the loan agreement dated 18 August 2017 entered into between the Jiujiang Bank and the Company with a pledge of approximately 91.3% equity interest in Nantong Road and Bridge for the said loan under a pledge agreement entered into on the same date. The Jiujiang Bank requested the court, among other things, to order the Company to repay the said loan in an aggregate principal amount of RMB387.99 million and all related interests, and the Jiujiang Bank to be entitled the priority of compensation claims against proceeds from the realisation of the Nantong Shares.

On 15 October 2019, the Guangzhou Court issued a civil mediation order, pursuant to which the Jiujiang Bank and the defendants to the Jiujiang Legal Proceedings, namely, the Company, Shenzhen Dasheng, Dasheng Fujian, Mr. Lan Huasheng, being an executive Director and chairman of the Board, and Mr. Lu Tingfu, being a non-executive Director, have agreed, among other things, that the Company shall repay the Jiujiang Bank an aggregate amount of RMB413,069,960.42 (inclusive of the principal amount of the Loan and all related interests accrued up till 25 September 2019) together with the legal fees and ancillary fees incurred by the Jiujiang Bank in one lump sum by 22 October 2019. In the case where the Company fails to settle the above repayment by 22 October 2019, the Jiujiang Bank is entitled to the priority of compensation claims against proceeds from the realisation of the Nantong Shares.

As the Company failed to settle the said repayment by 22 October 2019, the Jiujiang Bank is entitled to the priority of compensation claims against proceeds from the realisation of the Company's interest in Nantong Road and Bridge. The Nantong Shares were put on auction on the public auction network (www.gpai.net) by the court during the period between 3 January 2020 and 6 January 2020, with a revised reserve price of RMB456.32 million, which was successfully closed with an auction result of RMB456.32 million on 6 January 2020.

The disposal of Nantong Road and Bridge was completed on 19 January 2020. Details of the Jiujiang Legal Proceedings and auction are set out in the Company's announcements dated 23 September 2019, 18 October 2019, 22 October 2019, 4 December 2019, 10 December 2019, 6 January 2020 and 24 February 2020.

(e) On 15 January 2020, the Jiujiang Bank issued and filed a statement of claim against 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 Company, under the People's Court of Nansha District, Guangzhou* (廣州市南沙區人民法院) for breach of a factoring agreement due to default in repayment of the principal and related interests by Ever Fortune. The Jiujiang Bank requested the court, among other things, to order Ever Fortune to repay a principal amount of RMB3,711,000 and related interests. Shenzhen Dasheng Finance Holding Co., Ltd.* (深圳市大生金融控股有限公司), a direct wholly-owned subsidiary of the Company and the controlling shareholder of Ever Fortune, is one of the guarantors to such factoring agreement and was also named as one of the defendants. The court hearing of the proceedings was scheduled to be held on 24 March 2020. As at the date of this report, the Company had not received any judgment in relation to such proceedings.

Details of the above proceedings are set out in the Company's announcements dated 18 March 2020.

(f) On 16 January 2020, the Company received a civil judgment dated 19 December 2019 made by the Gansu Provincial Higher People's Court* (甘肅省高級人民法院) in relation to the Second CEFC Legal Proceedings (as defined in the announcement dated 4 September 2018). According to such civil judgment, the Company shall repay CEFC Securities Shanghai Securities Limited* (上海華信證券有限責任公司) ("**CEFC Securities**"), (i) the principal amount of the loan of RMB300 million; (ii) relevant overdue interest of RMB10,731,945.21; (iii) relevant compound interest of RMB51,680.93; (iv) relevant penalty interest of RMB1,444,684.93; and (v) CEFC Securities' legal fees of RMB350,000. The guarantors to the loan, namely, Shenzhen Dasheng, Dasheng Fujian and Hong Kong Dasheng Investment Holdings Company Limited (香港大生投資控股有限公司) shall undertake joint and several guarantee liability for the repayment obligations of the Company under (i) to (v) mentioned above. In the event that the Company fail to fulfil its repayment obligations set out above, CEFC Securities is entitled to the priority of compensation claims against the Company's pledge of account receivables from two independent third parties of approximately RMB406 million, and the interest to be repaid shall be doubled. As at the date of this report, the Company did not make an appeal application on such civil judgment.

Details of the above proceedings are set out in the Company's announcements dated 16 January 2020.

AUDITORS OF THE COMPANY

The consolidated financial statements for the year ended 31 December 2019 have been audited by Asian Alliance (HK) CPA Limited. BDO Limited resigned as the Company's auditors with effect from 6 November 2018. Asian Alliance (HK) CPA Limited will retire as the Auditors at the end of the forthcoming AGM and, being eligible, will offer themselves for re-appointment. A resolution will be proposed for approval by Shareholders at the forthcoming AGM to re-appoint Asian Alliance (HK) CPA Limited as the Company's auditors for the year ending 31 December 2020.

** For identification purpose only*

On behalf of the Board

Lan Huasheng
Chairman

Shanghai, PRC, 7 May 2020

Independent Auditor's Report

華融(香港)會計師事務所有限公司
Asian Alliance (HK) CPA Limited

TO THE SHAREHOLDERS OF SHANGHAI DASHENG AGRICULTURE FINANCE TECHNOLOGY CO., LTD.
上海大生農業金融科技股份有限公司
(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 (collectively referred to as the "**Group**") set out on pages 55 to 210, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other 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. Because of the significance of the matter described in the Basis of Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. 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) Limitation of scope on prior year's scope limitation affecting opening balances, comparative figures and related disclosures

As explained in our report dated 29 March 2019 on the Group's consolidated financial statements for the year ended 31 December 2018, we were not provided with sufficient evidence to enable us to assess the balances of assets classified as held for sales and interest in an associate as at 31 December 2018 and loss on disposal of a subsidiary for the year ended 31 December 2018 was fairly stated. We qualified our opinion on the Group's consolidated financial statements for the year ended 31 December 2018 in respect of these limitations of scope accordingly.

Any adjustments found to be necessary to the opening balances as at 1 January 2019 may affect the results and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 December 2019. The comparative figures for the year ended 31 December 2018 shown in these consolidated financial statements may not comparable with the figures for the current year.

BASIS FOR DISCLAIMER OF OPINION *(continued)*

(2) Limitation of scope on gain on disposal of subsidiaries

As described in Notes 12 and 41 to the consolidated financial statements, on 21 January 2019 (the "**Disposal Date**"), the Group completed the disposal of the 51% equity interest in a non-wholly owned subsidiary, Nanjing Bao Ze Equity Investment Fund Co., Limited* (南京寶澤股權投資基金股份有限公司) ("**Bao Ze**"), which have been classified as assets held for sale as at 31 December 2018, to an independent third party through the public auction at the consideration of RMB188,000,000.

We have not been provided with sufficient appropriate audit evidence of Bao Ze and its subsidiaries (the "**Bao Ze Group**") for the period from 1 January 2019 to the Disposal Date, and accordingly we were unable to perform any audit procedures necessary to obtain reasonable assurance regarding the completeness, accuracy, existence, valuation, ownership and classification of its net assets of approximately RMB311,203,000 as at the Disposal Date. Consequently, we were unable to satisfy ourselves as to whether the gain on disposal of approximately RMB381,000 arising thereon was fairly stated. Any adjustments found to be necessary to the above amounts would affect the amounts recorded in the consolidated statement of profit or loss and other comprehensive income in respect of the gain on disposal of the Bao Ze Group, with a corresponding effect on the gain on disposal of subsidiaries and the related disclosure thereof in the consolidated financial statements.

(3) Limitation of scope on loss on disposal of a subsidiary, impairment loss on interests in associates and share of loss of associate

As described in Notes 26 and 41 to the consolidated financial statements, on 30 December 2019 (the "**Disposal Date 2**"), the Group completed the disposal of its interest in Shanghai Yi He Xu Sheng Financial Leasing Co., Ltd. ("**Shanghai Yi He**"), an associate of the Group, through the disposal of the equity interest in a wholly owned subsidiary, Hong Kong Dasheng Agriculture Holding Company Limited ("**HK Dasheng Agriculture**"), to an independent third party at the consideration of RMB1.

During the year ended 31 December 2019, the Group has recognised the impairment loss on interests in associates and share of loss of associates of approximately RMB31,421,000 and RMB15,000, respectively in relation to its interest in Shanghai Yi He. At a result, at the Disposal Date 2, the interests in Shanghai Yi He have been fully impaired. However, during the course of our audit, we have not been provided with sufficient information and explanations from the management of Shanghai Yi He that we considered necessary in order to enable us to satisfy ourselves as to whether the Group's share of loss of Shanghai Yi He and the impairment loss recognised for the year ended 31 December 2019 and thus the carrying amount of the interest in Shanghai Yi He as at the Disposal Date 2 are fairly stated.

Consequently, we were not able to carry out procedures which we considered necessary in order to enable us to satisfy ourselves as to whether the loss for the period and the net assets value of HK Dasheng Agriculture at the Disposal Date 2 of approximately RMB255,490,000 and approximately RMB28,000 respectively and the loss on disposal of HK Dasheng Agriculture of approximately RMB11,391,000 arising thereon are fairly stated.

* For illustrative purpose only

BASIS FOR DISCLAIMER OF OPINION *(continued)*

(3) Limitation of scope on loss on disposal of a subsidiary, impairment loss on interests in associates and share of loss of associate *(continued)*

Any adjustments found to be necessary to the above amounts would affect the amounts recorded in the consolidated statement of profit or loss and other comprehensive income in respect of HK Dasheng Agriculture and Shanghai Yi He, with a corresponding effect on the loss on disposal of a subsidiary, impairment loss on interests in associates and share of results of associates, and the related disclosure thereof in the consolidated financial statements.

(4) Multiple uncertainties relating to going concern

As described in Note 2 to the consolidated financial statements, the Group reported loss attributable to the owners of the Company of approximately RMB771,487,000 for the year ended 31 December 2019 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB1,625,161,000 and the Group has net liabilities of approximately RMB672,963,000. The Group's total borrowings amounted to approximately RMB2,251,847,000, of which approximately RMB2,112,786,000 were classified as current liabilities, while its restricted bank deposits and bank balances and cash amounted to approximately RMB151,277,000 and RMB65,222,000, respectively as at 31 December 2019. These conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As explained in Note 2 to the consolidated financial statements, the consolidated financial statements have been prepared by the directors of the Company (the "**Directors**") on a going concern basis, the validity of which is dependent on the Group's ability to obtain sufficient future funding. Due to the uncertainty of the Group's ability to maintain adequate future cash flows, we were unable to ascertain whether the assumptions made by the Directors in preparing the consolidated financial statements on a going concern basis are proper and appropriate.

Should the going concern assumption be inappropriate, adjustments would be necessary to reclassify all non-current assets and liabilities as current assets and liabilities respectively, write down the value of assets to their recoverable amounts and to provide for further liabilities which may arise. The consolidated financial statements have not incorporated any of these adjustments. However, the uncertainty surrounding the Group's future cash flows raises significant doubt about the Group's ability to continue as a going concern. We consider that appropriate disclosures have been made in the consolidated financial statements concerning this situation, but we are unable to obtain adequate evidence concerning the Group's ability to meet any financial obligations as and when they fall due and we consider that this material uncertainty relating to going concern basis.

We consider the cumulative effect of the above matters on the consolidated financial statements is so extreme that we have disclaimed our opinion.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the 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 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit 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.

Asian Alliance (HK) CPA Limited
Certified Public Accountants (Practising)

Lam Chik Tong
Practising Certificate Number: P05612

8/F., Catic Plaza
8 Causeway Road
Causeway Bay
Hong Kong

7 May 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
Continuing operations			
Revenue	*6*		
– Contracts with customer		**1,431,676**	1,960,792
– Interest under effective interest method		**12,111**	51,078
Total revenue		**1,443,787**	2,011,870
Cost of sales		**(1,163,393)**	(1,828,094)
Gross profit		**280,394**	183,776
Other income	*8a*	**32,247**	56,820
Other gains and losses	*8b*	**(1,102)**	(34,919)
Distribution costs		**(55,522)**	(60,118)
Administrative and other expenses		**(218,055)**	(216,489)
Gain on bargain purchase	*40*	**–**	532,069
Impairment losses, net of reversal	*9*	**56,832**	(2,279,627)
Share of loss of associates	*26*	**(4,515)**	(1,914)
Loss on disposal of subsidiaries, net	*41*	**(10,708)**	(18,080)
Finance costs	*10*	**(342,254)**	(151,249)
Loss before tax		**(262,683)**	(1,989,731)
Income tax credit (expense)	*11*	**48,974**	(15,362)
Loss for the year from continuing operations	*13*	**(213,709)**	(2,005,093)
Discontinued operations			
Loss for the year from discontinued operations, net of income tax	*12*	**(640,108)**	(161,286)
Loss for the year		**(853,817)**	(2,166,379)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**1,276**	(4,125)
Items that will not be reclassified to profit or loss:			
Fair value (loss) gain on equity instruments at fair value through other comprehensive income		**(637)**	1,992
Other comprehensive income (expense) for the year, net of income tax		**639**	(2,133)
Total comprehensive expense for the year		**(853,178)**	(2,168,512)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
Loss for the year attributable to owners of the Company			
– from continuing operations		**(177,217)**	(1,915,535)
– from discontinued operations		**(594,270)**	(71,247)
		(771,487)	(1,986,782)
Loss for the year attributable to non-controlling interests			
– from continuing operations		**(36,492)**	(89,558)
– from discontinued operations		**(45,838)**	(90,039)
		(82,330)	(179,597)
		(853,817)	(2,166,379)
Total comprehensive expense for the year attributable to:			
– Owners of the Company		**(770,729)**	(1,988,881)
– Non-controlling interests		**(82,449)**	(179,631)
		(853,178)	(2,168,512)
Loss per share	*18*		
From continuing and discontinued operations			
– Basic and diluted (RMB)		**(0.081)**	(0.209)
From continuing operations			
– Basic and diluted (RMB)		**(0.019)**	(0.202)

Consolidated Statement of Financial Position

At 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	19	**887,087**	881,174
Right-of-use assets	20	**96,100**	–
Prepaid lease payments	21	**–**	97,179
Investment properties	22	**–**	–
Goodwill	23	**–**	–
Intangible assets	24	**14,524**	13,105
Interests in associates	26	**24,493**	41,300
Interests in a joint venture	27	**–**	–
Equity instruments at fair value through other comprehensive income	28	**10,140**	10,776
Trade and other receivables – non-current portion	30	**66,552**	88,003
Deferred tax assets	37	**376**	376
		1,099,272	1,131,913
CURRENT ASSETS			
Inventories	29	**268,224**	282,604
Prepaid lease payments	21	**–**	2,657
Trade and other receivables	30	**1,121,465**	1,271,708
Restricted bank deposits	31	**151,277**	211,351
Bank balances and cash	32	**65,222**	58,394
		1,606,188	1,826,714
Assets classified as held for sales	12	**3,259,843**	4,177,807
		4,866,031	6,004,521
CURRENT LIABILITIES			
Trade and other payables	33	**1,253,747**	1,258,597
Lease liabilities	36	**945**	–
Contract liabilities	34	**282,203**	238,216
Borrowings	35	**2,112,786**	2,125,947
Tax liabilities		**85,598**	85,718
		3,735,279	3,708,478
Liabilities associated with assets classified as held for sale	12	**2,755,913**	2,617,142
		6,491,192	6,325,620
NET CURRENT LIABILITIES		**(1,625,161)**	(321,099)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(525,889)**	810,814

Consolidated Statement of Financial Position

At 31 December 2019

	Notes	**2019** **RMB'000**	2018 RMB'000
NON-CURRENT LIABILITIES			
Other payables – non-current portion	*33*	**4,950**	6,346
Borrowings	*35*	**139,061**	447,745
Deferred tax liabilities	*37*	**3,063**	60,304
		147,074	514,395
NET (LIABILITIES) ASSETS		**(672,963)**	296,419
CAPITAL AND RESERVES			
Share capital	*38*	**955,108**	955,108
Reserves		**(1,067,525)**	(755,858)
Equity attributable to owners of the Company		**(112,417)**	199,250
Non-controlling interests	*48*	**(560,546)**	97,169
TOTAL (DEFICIT) EQUITY		**(672,963)**	296,419

The consolidated financial statements on pages 55 to 210 were approved and authorised for issue by the Board of Directors on 7 May 2020 and are signed on its behalf by:

Lan Huasheng
Director

Wang Liguo
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Share capital RMB'000	Capital reserve RMB'000	Statutory reserve fund RMB'000 *(Note (a))*	Other reserve RMB'000 *(Note (b))*	Currency translation reserve RMB'000	Fair value through other comprehensive income reserve RMB'000	Accumulated losses RMB'000	Equity attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2018	863,308	1,765,179	168,334	17,912	(4,351)	3,015	(1,318,071)	1,495,326	242,898	1,738,224
Loss for the year	–	–	–	–	–	–	(1,986,782)	(1,986,782)	(179,597)	(2,166,379)
Other comprehensive (expense) income for the year, net of income tax										
Items that may be reclassified subsequently to profit or loss:										
Exchange differences arising on translation of foreign operations	–	–	–	–	(4,734)	–	–	(4,734)	609	(4,125)
Items that will not be classified to profit or loss:										
Fair value gain (loss) on equity instruments at fair value through other comprehensive income	–	–	–	–	–	2,635	–	2,635	(643)	1,992
	–	–	–	–	(4,734)	2,635	–	(2,099)	(34)	(2,133)
Total comprehensive expense for the year	–	–	–	–	(4,734)	2,635	(1,986,782)	(1,988,881)	(179,631)	(2,168,512)
Subscription of shares *(Note 38)*	91,800	396,358	–	–	–	–	–	488,158	–	488,158
Transaction cost for subscription of shares	–	(12,578)	–	–	–	–	–	(12,578)	–	(12,578)
Loan waived by a shareholder of the Company	–	217,225	–	–	–	–	–	217,225	37,936	255,161
Disposal of subsidiaries	–	–	–	–	–	–	–	–	(4,034)	(4,034)
At 31 December 2018	955,108	2,366,184	168,334	17,912	(9,085)	5,650	(3,304,853)	199,250	97,169	296,419

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Share capital RMB'000	Capital reserve RMB'000	Statutory reserve fund RMB'000 *(Note (a))*	Other reserve RMB'000 *(Note (b))*	Currency translation reserve RMB'000	Fair value through other comprehensive income reserve RMB'000	Accumulated losses RMB'000	Equity attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2019	955,108	2,366,184	168,334	17,912	(9,085)	5,650	(3,304,853)	199,250	97,169	296,419
Loss for the year	–	–	–	–	–	–	(771,487)	(771,487)	(82,330)	(853,817)
Other comprehensive (expense) income for the year, net of income tax										
Items that may be reclassified subsequently to profit or loss:										
Exchange differences arising on translation of foreign operations	–	–	–	–	1,276	–	–	1,276	–	1,276
Items that will not be classified to profit or loss:										
Fair value loss on equity instruments at fair value through other comprehensive income	–	–	–	–	–	(518)	–	(518)	(119)	(637)
Total comprehensive income (expense) for the year	–	–	–	–	1,276	(518)	(771,487)	(770,729)	(82,449)	(853,178)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	(15,000)	(15,000)
Transfer to statutory reserve fund	–	–	4,503	–	–	–	(4,503)	–	–	–
Deregistration of a subsidiary	–	–	–	–	–	–	–	–	927	927
Partial disposal of a subsidiary resulting in loss of control	–	–	–	–	–	–	–	–	290	290
Partial disposal of subsidiaries without change of control	–	–	(56,504)	–	–	(82)	504,285	447,699	(447,699)	–
Disposal of subsidiaries	–	–	–	–	11,363	–	–	11,363	(113,784)	(102,421)
At 31 December 2019	955,108	2,366,184	116,333	17,912	3,554	5,050	(3,576,558)	(112,417)	(560,546)	(672,963)

Notes:

(a) 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 profits, 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.

(b) 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.

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	2019 RMB'000	2018 RMB'000
OPERATING ACTIVITIES		
Loss for the year		
– continuing operations	**(213,709)**	(2,005,093)
– discontinuing operations	**(640,108)**	(161,286)
Adjustments for:		
Income tax (credit) expenses	**(112,885)**	31,201
Interest income	**(938)**	(8,477)
Finance costs	**350,827**	189,288
Amortisation of intangible assets	**2,795**	1,380
Amortisation of prepaid lease payments	**–**	2,119
Depreciation of property, plant and equipment	**74,770**	74,681
Loss on disposal of property, plant and equipment	**4,689**	6,573
Depreciation of right-of-use assets	**4,391**	–
Gain on disposal of right-of-use assets	**(3,862)**	–
Depreciation of investment properties	**–**	57,216
Gain on disposal of investment properties	**–**	(11,807)
Share of loss of associates	**4,515**	1,914
Share of loss of a joint venture	**725**	2,121
Impairment loss, net of reversal		
– property, plant and equipment	**–**	(2,493)
– intangible asset	**–**	247,786
– interests in associates	**40,749**	12,101
– goodwill	**–**	6,759
– asset classified as held for sale	**663,989**	188,877
– other items subject to expected credit loss	**(85,437)**	2,037,474
Written off of trade and other receivables	**275**	42,182
Loss on written-off property, plant and equipment	**2,885**	295
Loss on disposal of subsidiaries	**11,010**	18,080
Gain on deemed disposal of a subsidiary	**(302)**	–
Loss on deregistration of a subsidiary	**889**	–
Gain on bargain purchase	**–**	(532,069)
Gain on disposals of assets classified as held for sales	**–**	(2,412)
Operating profit before working capital changes	**105,268**	196,410
Decrease (increase) in inventories	**14,380**	(12,095)
Decrease (increase) in trade and other receivables	**224,079**	(991,474)
Increase (decrease) in trade and other payables	**119,035**	(753,668)
Increase in contract assets	**–**	(66,567)
Increase in contract liabilities	**43,987**	287,449
Cash from (used in) operations	**506,749**	(1,339,945)
Interest paid	**(97,338)**	(67,863)
Income taxes paid	**(24,468)**	(70,560)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**384,943**	(1,478,368)

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
INVESTING ACTIVITIES			
Purchase of intangible asset		**(4,214)**	(28,385)
Purchase of property, plant and equipment		**(97,886)**	(70,358)
Payments for right-of-use assets		**(6,005)**	–
Purchase of investment properties		**–**	(23,230)
Purchase of financial assets at fair value through profit or loss		**–**	(32,000)
Proceeds from disposal of investment properties		**–**	20,000
Proceeds from disposal of property, plant and equipment		**2,573**	7,485
Proceeds from disposal right-of-use assets		**11,916**	–
Proceeds from disposal of associates		**33,000**	15,000
Proceeds from disposal of equity instruments at fair value through other comprehensive income		**–**	7,000
Decrease in restricted bank deposits		**60,074**	447,343
Interest received		**938**	8,479
Net cash outflow on disposal of subsidiaries	*41*	**(2,503)**	(4,172)
Net cash outflow on deemed disposal of subsidiaries	*41*	**(373)**	–
Net cash inflow on acquisition of subsidiary	*40*	**–**	5,937
Capital injection to associates		**(10,658)**	(13,000)
Capital injection to a joint venture		**–**	(123,109)
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(13,138)**	216,990
FINANCING ACTIVITIES			
Dividend paid to non-controlling interests		**(15,000)**	–
New borrowings raised		**65,240**	2,334,214
Repayment of borrowings		**(387,085)**	(1,873,252)
Repayment of lease liabilities		**(4,557)**	–
Proceeds from placing and subscription of shares		**–**	475,580
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(341,402)**	936,542
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**30,403**	(324,836)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**58,394**	563,296
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**1,276**	(4,125)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**90,073**	234,335
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY			
Bank Balances and cash		**65,222**	58,394
Bank balances and cash included in assets classified as held for sale		**24,851**	175,941
		90,073	234,335

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

1. GENERAL

Shanghai Dasheng Agriculture Finance Technology Co., Ltd. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in (i) road and bridge construction, (ii) trading of petrochemical and agricultural products, (iii) financial services, (iv) agricultural big-data services and (v) agrochemical products supply chain 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. During the years ended 31 December 2019 and 2018, the Group discontinued the road and bridge construction business (Note 12).

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 20/F, Building G, Gateway International Plaza, No 327 Tian Yao Qiao Road, Xuhui District, Shanghai, the PRC.

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

2. BASIS OF PREPARATION

(a) Statement of compliance

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

2. BASIS OF PREPARATION *(continued)*

(b) Going concern basis

For the year ended 31 December 2019, the Group reported loss attributable to the owners of the Company of approximately RMB771,487,000 and, as of that date, the Group's current liabilities exceed its current assets of approximately RMB1,625,161,000 and net liabilities of approximately RMB672,963,000. As at 31 December 2019, the Group's total borrowings amounted to approximately RMB2,251,847,000, of which approximately RMB2,112,786,000 were classified as current liabilities, while its restricted bank deposits, bank balances and cash amounted to approximately RMB151,277,000 and RMB65,222,000, respectively.

(i) Certain outstanding debts owed to the debtors under the Jiujiang Legal Proceedings and the CEFC Legal Proceedings will be settled directly by the relevant court to the extent possible with net proceeds from the auction of the Company's 91.3% equity interests in Nantong Road and Bridge Engineering Co, Ltd. (the "**Nantong Shares**"), which had been closed on 6 January 2020 with an auction result of RMB456,320,000, the disposal of which was completed on 19 January 2020. The Company expects that such settlement(s) will be completed within the year ending 31 December 2020;

(ii) The Group commenced agrochemical products supply chain services in 2018 through Anhui Huaxing Chemical Industry Company Limited and its subsidiaries ("**Anhui Huaxing Group**") and strives to develop and enhance this continuing operations segment. For the year ended 31 December 2019, the turnover of the agrochemical products supply chain services represented 97.71% of the Group's total revenue. Further, Mr. Yan Zebin from Anhui Huaxing Group has been appointed as the executive director of the Company in June 2019. The Company is of the view that an additional member to the Board would enhance the efficiency of decision making of the Board and bring in new ideas or options for the Company to overcome the current difficulties; and

(iii) The Company is proactive in exploring possible debt restructuring opportunities, including disposal of loss-making subsidiaries, devising probable new repayment plans with debtors, reaching out for new investors etc. As disclosed in the Company's announcement dated 4 March 2019, the Company entered into an intent cooperation framework agreement dated 4 March 2019 pursuant to which the potential investor intended to invest in the Company. As at the date of this report, the potential investment is still pending and the Company has no other concrete investment plans.

The directors of the Company (the "**Directors**") are of the opinion that the Group would be able to have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for a period of not less than the next twelve months from 31 December 2019 after taking into consideration the above measures.

Accordingly, the Directors are of the opinion that it is appropriate to prepare these consolidated financial statements for the year ended 31 December 2019 on a going concern basis. The consolidated financial statements do not include any adjustments that would result from the failure of the Group to obtain sufficient future funding. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to reduce the carrying amounts of the assets of the Group to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 16	Lease
HK(IFRIC)-Interpretation ("**Int**") 23	Uncertainty over Income Tax Treatment
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("**HKAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

New and Amendments to HKFRSs that are mandatorily effective for the current year *(continued)*

HKFRS 16 *Leases (continued)*

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rate ranged from 4.75% to 13.90%.

	At January 2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018	4,235
Lease liabilities discounted at relevant incremental borrowing rates	4,146
Less: Recognition exemption – short-term leases	(2,463)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 and as at 1 January 2019	1,683
Analysed as	
Current	1,066
Non-current	617
	1,683

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

New and Amendments to HKFRSs that are mandatorily effective for the current year *(continued)*

HKFRS 16 *Leases (continued)*

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Note	**Right-of-use Assets** RMB'000	**Prepaid lease payment** RMB'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		1,683	–
Reclassified from prepaid lease payments	*(a)*	99,836	(99,836)
		101,519	(99,836)

(a) Upfront payments for leasehold lands in the PRC for own used properties were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to approximately RMB2,657,000 and RMB97,179,000 respectively were reclassified to right-of-use assets.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

New and Amendments to HKFRSs that are mandatorily effective for the current year *(continued)*

HKFRS 16 *Leases (continued)*

As a lessor *(continued)*

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Note	**Carrying amount previously reported at 31 December 2018** RMB'000	**Adjustments** RMB'000	**Carrying amount under HKFRS 16 at 1 January 2019** RMB'000
Non-current assets				
Prepaid lease payments	*(a)*	97,179	(97,179)	–
Right-of-use assets		–	101,519	101,519
Current assets				
Prepaid lease payments	*(a)*	2,657	(2,657)	–
Current liabilities				
Lease liabilities		–	1,066	1,066
Non-current liabilities				
Lease liabilities		–	617	617

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs and interpretations mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and
- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

New and amendments to HKFRSs in issue but not yet effective *(continued)*

Amendments to HKAS 1 and HKAS 8 Definition of Material *(continued)*

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including reattribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are 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 assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and 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 carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* (“**HKFRS 9**”) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations *(continued)*

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share- based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations *(continued)*

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

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

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goodwill *(continued)*

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash- generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates and joint ventures *(continued)*

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of HKFRS 9, investment properties and deferred tax assets which continue to be measured in accordance with the accounting policies as set out in respective sections.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue from contracts with customers *(continued)*

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for an presented on a net basis

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in Note 3)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 3)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components and the aggregate stand-alone price of non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 3) *(continued)*

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 3) *(continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

The Group as lessee (prior to 1 January 2019)

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.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight- line basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as lessee (prior to 1 January 2019) *(continued)*

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating 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 such costs are recognised as an expense on a straight-line basis over the lease term. Rental income which are derived from the Group's ordinary course of business are presented as revenue.

The Group as a lessor (upon application of HKFRS 16 in accordance with transitions in Note 3)

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. 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. Nonmonetary 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 retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of "Currency translation reserve" (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalization rate on general borrowings.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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.

Investment properties measured using the cost model

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets *(continued)*

Internally-generated intangible assets – research and development expenditure *(continued)*

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill *(continued)*

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are 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 a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or the group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so 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 (or a cash-generating unit or the group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the expected cost of warranty obligations under the relevant sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("**FVTPL**"), except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Classification and subsequent measurement of financial assets *(continued)*

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(a) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

(b) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Classification and subsequent measurement of financial assets *(continued)*

(c) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivables, finance lease receivables, factoring loan receivables and other receivables) and other items (contract assets and financial guarantee contracts) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables, contract assets, finance lease receivables and factoring loan receivables. The ECL on these assets are assessed individually for debtors with significant balances or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets *(continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets *(continued)*

(i) Significant increase in credit risk *(continued)*

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets *(continued)*

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (prior to 1 January 2019).

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets *(continued)*

(v) Measurement and recognition of ECL *(continued)*

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, finance lease receivables, factoring loan receivables, contract assets and other receivables where the corresponding adjustment is recognised through a loss allowance account

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to accumulated losses.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity *(continued)*

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and borrowings are subsequently measured at amortised cost, using the effective interest method.

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 payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and consideration paid or payable is recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, 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 may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern and liquidity

As explained in Note 2 to the consolidated financial statements, the financial position of the Group indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The assessment of the going concern assumptions involves making judgement by the management, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The management considers that the Group has ability to continue as a going concern and the major conditions that may cast significant doubt on the going concern assumptions are set out in Note 2 to the consolidated financial statements.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

Determining whether goodwill, construction licence and payment business licence are impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill, construction licence and payment business licence have been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss/further impairment loss may arise. Details of the recoverable amount calculation are disclosed in Note 25.

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

Key sources of estimation uncertainty *(continued)*

(b) 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 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.

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.

(c) Fair value measurement

Certain of the Group's financial assets, unquoted equity instruments amounting to approximately RMB8,250,000 as at 31 December 2019 (2018: RMB8,846,000) are measured at fair values with fair values being determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. See Note 45(c) for further disclosures.

(d) Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on aging analysis as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit-impaired are assessed for ECL individually.

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

Key sources of estimation uncertainty *(continued)*

(d) Provision of ECL for trade receivables *(continued)*

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Notes 30 and 45(b).

(e) Estimated impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at 31 December 2019, in view of impairment indicators, the Group performed impairment assessment on right-of-use assets of approximately RMB96,100,000 (2018: prepaid lease payment of approximately RMB99,836,000), property, plant and equipment and intangible assets of approximately RMB887,087,000 and RMB14,524,000 (2018: RMB881,174,000 and RMB13,105,000) respectively. No Impairment losses has recognised in respect of property, plant and equipment (2018: Reversal of impairment loss of approximately RMB2,493,000), right-of-use assets (2018: prepaid lease payment) and intangible assets (2018: impairment loss of approximately Nil and RMB247,786,000).

6. REVENUE

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2019		
Segments	Agricultural and petrochemical products supply chain services RMB'000	Agricultural big-data services RMB'000	Agrochemical products supply chain services RMB'000
Types of goods or services			
Agricultural and petrochemical products supply chain services			
Alcohol wholesale	5,768	–	–
Agricultural big-data services			
Account management fee	–	12,578	–
Software development fee	–	1,230	–
Charges fee	–	1,357	–
	–	15,165	–
Agrochemical products supply chain services			
Pesticide	–	–	1,183,561
Chemical products	–	–	227,182
	–	–	1,410,743
Total	5,768	15,165	1,410,743
Geographical markets			
Mainland China	5,768	15,165	1,105,493
Hong Kong	–	–	2,580
India	–	–	65,795
Brazil	–	–	60,918
Canada	–	–	86,861
Pakistan	–	–	16,358
Thailand	–	–	24,558
Others	–	–	48,180
Total	5,768	15,165	1,410,743
Timing of revenue recognition			
A point in time	5,768	15,165	1,410,743
Sales channel			
Wholesale	5,768	–	1,410,743
Internet	–	15,165	–
Total	5,768	15,165	1,410,743

6. REVENUE *(continued)*

(i) Disaggregation of revenue from contracts with customers *(continued)*

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

For the year ended 31 December 2019

	Segment revenue RMB'000
Agricultural and petrochemical products supply chain services	5,768
Agricultural big-data services	15,165
Agrochemical products supply chain services	1,410,743
Revenue from contracts with customers	1,431,676
Interest under effective interest method	12,111
Total revenue	1,443,787

6. REVENUE *(continued)*

(i) Disaggregation of revenue from contracts with customers *(continued)*

	For the year ended 31 December 2018		
Segments	Agricultural and petrochemical products supply chain services RMB'000	Agricultural big-data services RMB'000	Agrochemical products supply chain services RMB'000
Types of goods or services			
Agricultural and petrochemical products supply chain services			
Agricultural fertiliser	766,625	–	–
Alcohol wholesale	10,878	–	–
Frozen products	341,449	–	–
	1,118,952	–	–
Agricultural big-data services			
Account management fee	–	12,155	–
Software development fee	–	1,600	–
Charges fee	–	1,219	–
	–	14,974	–
Agrochemical products supply chain services			
Pesticide	–	–	642,914
Chemical products	–	–	183,952
	–	–	826,866
Total	1,118,952	14,974	826,866
Geographical markets			
Mainland China	469,380	14,974	579,333
Hong Kong	649,572	–	–
India	–	–	75,277
Brazil	–	–	67,325
Canada	–	–	47,301
Others	–	–	57,630
Total	1,118,952	14,974	826,866
Timing of revenue recognition			
A point in time	1,118,952	14,974	826,866
Sales channel			
Wholesale	1,118,952	–	826,866
Internet	–	14,974	–
Total	1,118,952	14,974	826,866

6. REVENUE *(continued)*

(i) Disaggregation of revenue from contracts with customers *(continued)*

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

For the year ended 31 December 2018

	Segment revenue RMB'000
Agricultural and petrochemical products supply chain services	1,118,952
Agricultural big-data services	14,974
Agrochemical products supply chain services	826,866
Revenue from contracts with customers	1,960,792
Interest under effective interest method	51,078
Total revenue	2,011,870

(ii) Performance obligations for contracts with customers

Agricultural and petrochemical products supply chain services

The performance obligation is satisfied upon delivery of the petrochemical and agricultural products and payment is generally due within 30 - 90 days from delivery.

Agrochemical products supply chain services

The performance obligation is satisfied upon delivery of the agrochemical products supply chain services and payment is generally due within 30 days from delivery.

Agricultural big-data services

The performance obligation is satisfied upon completion of the service. Agricultural big-data services income billed when stated milestones in the contracts are reached.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All revenue contracts are for period of one year or less. As permitted by HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

7. SEGMENT INFORMATION

Information reported to the board of directors of the Company (the "**Board**"), being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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

- Agricultural and petrochemical products supply chain services (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
- Agrochemical products supply chain services – production and sale of pesticides and chemical products

7. SEGMENT INFORMATION *(continued)*

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segments:

For the year ended 31 December 2019

Continuing operations

	Agricultural and petrochemical products supply chain services RMB'000	**Financial leasing and commercial factoring RMB'000**	**Agricultural big-data services RMB'000**	**Agrochemical products supply chain services RMB'000**	**Total RMB'000**
Reportable segment revenue from external customers	**5,768**	**12,111**	**15,165**	**1,410,743**	**1,443,787**
Reportable segment (loss) profit	**(230,485)**	**(84,259)**	**47,670**	**53,365**	**(213,709)**
Reportable segment assets	**579,149**	**382,420**	**201,349**	**1,542,542**	**2,705,460**
Reportable segment liabilities	**(2,004,783)**	**(754,709)**	**(143,259)**	**(979,602)**	**(3,882,353)**

For the year ended 31 December 2018

Continuing operations

	Agricultural and petrochemical products supply chain services RMB'000	Financial leasing and commercial factoring RMB'000	Agricultural big-data services RMB'000	Agrochemical products supply chain services RMB'000	Total RMB'000
Reportable segment revenue from external customers	1,118,952	51,078	14,974	826,866	2,011,870
Reportable segment (loss) profit	(1,740,788)	(317,950)	(229,211)	282,856	(2,005,093)
Reportable segment assets	700,823	407,585	254,232	1,595,987	2,958,627
Reportable segment liabilities	(1,709,100)	(940,000)	(250,970)	(1,322,803)	(4,222,873)

7. SEGMENT INFORMATION *(continued)*

(b) Segment assets and liabilities

For the year ended 31 December 2019

Continuing operations

	Agricultural and petrochemical products supply chain services RMB'000	Financial leasing and commercial factoring RMB'000	Agricultural big-data services RMB'000	Agrochemical products supply chain services RMB'000	Total RMB'000
Amounts included in the measure of segment profits or loss or segment assets:					
Amortisation of intangible assets	–	(11)	(1,512)	(1,272)	(2,795)
Depreciation of property plant and equipment	(841)	(202)	(669)	(73,058)	(74,770)
Depreciation of right-of-use assets	(1,346)	(384)	–	(2,661)	(4,391)
Capital expenditure	(7)	(26)	(2,791)	(99,276)	(102,100)
Impairment loss recognised on trade and other receivables	(4,465)	(48,132)	(1,834)	(3,579)	(58,010)
Reversal of impairment of trade and other receivables	78,519	50,353	–	26,719	155,591
Finance costs	(228,257)	(80,536)	–	(33,461)	(342,254)
Interest income	11	1	30	896	938
Loss on disposals of property plant and equipment, net	425	(8)	–	(5,106)	(4,689)
Share of loss of associates	(3,863)	–	(481)	(171)	(4,515)
Impairment loss recognised on interests in associates	(31,429)	–	(9,320)	–	(40,749)
Loss on disposals of subsidiaries	(11,010)	–	–	–	(11,010)
Gain on deemed disposal of a subsidiaries	–	–	–	302	302
Gain on disposals of right-of-use assets	–	–	–	3,862	3,862
Written off of property, plant and equipment	(2,785)	(100)	–	–	(2,885)
Written-off of trade and other receivables	(172)	–	–	(103)	(275)

7. SEGMENT INFORMATION *(continued)*

(b) Segment assets and liabilities

For the year ended 31 December 2018

Continuing operations

	Agricultural and petrochemical products supply chain services RMB'000	Financial leasing and commercial factoring RMB'000	Agricultural big-data services RMB'000	Agrochemical products supply chain services RMB'000	Total RMB'000
Amounts included in the measure of segment profits or loss or segment assets:					
Amortisation of intangible assets	–	(7)	(49)	(859)	(915)
Amortisation of prepaid land leases	–	–	–	(1,922)	(1,922)
Depreciation of property plant and equipment	(1,990)	(595)	(689)	(63,251)	(66,525)
Depreciation of investment property	(227)	–	–	–	(227)
Capital expenditure	–	(23)	(65)	(104,807)	(104,895)
Impairment loss recognised on trade and other receivables	(1,636,695)	(1,092,664)	(28,841)	(221,348)	(2,979,548)
Reversal of impairment of trade and other receivables	59,947	851,953	30,174	–	942,074
Impairment loss recognised on intangible assets	–	–	(225,786)	–	(225,786)
Finance costs	(105,809)	(44)	(14,974)	(30,422)	(151,249)
Interest income	5,005	303	1,176	367	6,851
Loss on disposals of property plant and equipment	(1,537)	–	(176)	(5,243)	(6,956)
Share of loss of associates	(1,913)	–	–	(1)	(1,914)
Gain on bargain purchase	–	–	–	532,069	532,069
Impairment loss recognised on interests in associates	(12,101)	–	–	–	(12,101)
Impairment loss recognised on goodwill	–	–	(6,759)	–	(6,759)
Loss on disposals of subsidiaries	(18,080)	–	–	–	(18,080)
Gain on disposals of prepaid lease payments	–	–	–	2,412	2,412
Gain on disposals of investment properties	11,807	–	–	–	11,807
Written off of trade and other receivables	(8,917)	(33,265)	–	–	(42,182)
Reversal of impairment loss on properties, plant and equipment	2,493	–	–	–	2,493

Note: The amounts represent capital expenditure on property, plant and equipment and intangible assets.

7. SEGMENT INFORMATION *(continued)*

(c) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2019	2018
	RMB'000	RMB'000
Customer A	**N/A**[1]	292,326[2]

1 The corresponding revenue did not contribute over 10% of the total revenue of the Group

2 Revenue from agricultural and petrochemical products supply chain services

(d) 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 and Hong Kong.

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

8A. OTHER INCOME

	2019 **RMB'000**	2018 RMB'000
Continuing operations		
Rental income *(Note a)*	**785**	3,307
Supply of utilities	**15,937**	15,968
Sales of scrap and other materials	**2,637**	8,209
Interest income	**938**	6,851
Government grants *(Note b)*	**6,243**	16,271
Referral fees	**–**	624
Others	**5,707**	5,590
	32,247	56,820

Note:

(a) Leases

	2019 **RMB'000**
For operating leases:	
Lease payments that are fixed or depend on an index or a rate	**785**

	2018 RMB'000
Operating lease income – machinery and property	3,307

(b) The government grants are mainly incentives provided by the Anhui local government and the amount received each year is determined by the Anhui local government. There were no unfulfilled conditions or other contingencies attached to these grants.

8B. OTHER GAINS OR LOSSES

	2019 RMB'000	2018 RMB'000
Continuing operations		
Loss on disposals of property, plant and equipment, net	**(4,689)**	(6,956)
Written-off of trade and other receivables	**(275)**	(42,182)
Gain on disposals of right-of-use assets	**3,862**	2,412
Gain on disposals of investment properties	**–**	11,807
	(1,102)	(34,919)

9. IMPAIRMENT LOSSES, NET OF REVERSAL

	2019 RMB'000	2018 RMB'000
Continuing operations		
Impairment losses recognised (reversed) on:		
Property, plant and equipment	**–**	(2,493)
Goodwill	**–**	6,759
Intangible assets	**–**	225,786
Interests in associates	**40,749**	12,101
Impairment losses recognised (reversed) under expected credit losses model:		
Reversal of impairment on trade and other receivables	**(155,591)**	(906,861)
Impairment loss recognised on trade and other receivables	**58,010**	2,944,335
	(56,832)	2,279,627

10. FINANCE COSTS

	2019 **RMB'000**	2018 RMB'000
Continuing operations		
Interest expense on borrowings	**341,855**	149,474
Interest expense on lease liabilities	**108**	–
Others	**291**	1,775
Total finance costs	**342,254**	151,249

11. INCOME TAX (CREDIT) EXPENSES

	2019 **RMB'000**	2018 RMB'000
Continuing operations		
Current income tax:		
PRC enterprise income tax ("**EIT**")	**7,417**	458
Under provision in prior years, net		
EIT	**850**	12,306
	8,267	12,764
Deferred tax *(Note 37)*	**(57,241)**	2,598
	(48,974)	15,362

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

One of the Company's subsidiaries has obtained the qualification of High and New Technology Enterprise from the relevant PRC government authorities and subject to a preferential tax rate of 15%.

11. INCOME TAX (CREDIT) EXPENSES *(continued)*

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 ("**the Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entities will be taxed at 8.25% and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

The income tax (credit) expenses for the year can be reconciled to the loss before tax from continuing operations per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019 **RMB'000**	2018 RMB'000
Loss before tax (from continuing operations)	**(262,683)**	(1,989,731)
Tax calculated at tax rate of 25% (2018: 25%)	**(65,671)**	(497,433)
Effect of different tax rates for subsidiaries operating in other jurisdiction	**21,954**	3,164
Tax effect of tax different rate granted to a PRC subsidiary	**(3,828)**	23,925
Tax effect of income and expense items that are not subject to tax, net	**(69,492)**	(133,017)
Tax effect of share of associates	**(1,108)**	–
Tax effect of deductible temporary difference not recognised	**57,241**	283,377
Tax effect of tax losses not recognised	**11,051**	323,040
Under-provision in respect of prior years, net	**879**	12,306
Income tax (credit) expenses for the year (relating to continuing operations)	**(48,974)**	15,362

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE

The (loss) profit for the year from discontinued operations is set out below:

	Notes	**2019 RMB'000**	2018 RMB'000
(Loss) profit for the year from:			
Construction of roads and bridges operation	*(a)*	**(640,108)**	29,934
Cold chain logistics services operation	*(b)*	**–**	(191,220)
		(640,108)	(161,286)

Assets classified as held for sale is set out below:

	Notes	**2019 RMB'000**	2018 RMB'000
Assets classified as held for sale related to:			
Construction of roads and bridges operation	*(a)*	**3,255,714**	3,613,278
Cold chain logistics services operation	*(b)*	**–**	527,400
Interest in associate	*(c)*	**–**	33,000
Prepaid lease payments	*(d)*	**4,129**	4,129
		3,259,843	4,177,807

Liabilities associated with assets classified as held for sale is set out below:

	Notes	**2019 RMB'000**	2018 RMB'000
Liabilities associated with assets classified as held for sale related to:			
Construction of roads and bridges operation	*(a)*	**2,755,913**	2,458,369
Cold chain logistics services operation	*(b)*	**–**	158,773
		2,755,913	2,617,142

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE *(continued)*

Notes:

(a) Construction of roads and bridges operation

On 5 June 2018, CEFC Shanghai Securities Limited ("**CEFC**") issued and filed a statement of claim (the "**CEFC Statement of Claim**"), against Shanghai Dasheng Agro-chemical Co., Ltd. ("**Shanghai Agro-chemical**"), a wholly-owned subsidiary of the Company, under Shanghai No.2 Intermediate People's Court (the "**Shanghai Second Court**") for a breach of loan agreement due to default in repayment of loan in a principal amount of RMB300,000,000 and all related interests (the "**CEFC Loan**").

Pursuant to a civil mediation order (the "**CM Order**") issued by Shanghai Second Court on 22 February 2019, Shanghai Agro-chemical shall make a one-off and full payment of approximately RMB310,052,000 (including the principal amounts and related interests) and the overdue interests/advance interests and the corresponding legal fee and guarantee fee incurred, within three days from the effective date of the CM Order (the "**Repayment**").

As Shanghai Dasheng Agro-chemical failed to fulfill the Repayment under two enforcement notices dated 10 April 2019 and 12 April 2019 issued by the Shanghai Second Court that received on 18 April 2019. On 30 May 2019, the Company received an execution ruling dated 23 April 2019 issued by the Shanghai Second Court, which the Shanghai Second Court ordered, inter alia, that the Nantong Shares be sealed up, distrained, auctioned or sold.

The Company has been informed by the Shanghai Second Court that an auction announcement has been published on the public auction network (www.gpai.net) (the "**Gongpai Auction**") on 22 October 2019 to put the Nantong Shares on auction during the period from 1 December 2019 to 4 December 2019 (the "**Auction Period**') through the network platform of Gongpai Auction.

On 4 December 2019, the Company noticed from the network platform of Gongpai Auction that the auction during the Auction Period in relation to the Nantong Shares was not successful. On 10 December 2019, a second auction announcement has been published on Gongpai Auction by Shanghai Second Court putting the Nantong Shares on auction (the "**Second Auction**") during the period from 3 January 2020 to 6 January 2020 through the network platform of Gongpai Auction.

The Second Auction of the Nantong Shares, during the period from 3 January 2020 to 6 January 2020 through the network platform of Gongpai Auction, have been successfully closed with an auction result of RMB456,320,000. On 24 February 2020, the Company received an execution ruling dated 19 January 2020 from the Shanghai Second Court in relation to the successful auction of the Nantong Shares (the "**Auction Execution Ruling**"). According to the Auction Execution Ruling, the successful bidder is eligible to initiate the transfer of the Company's interest in the Nantong Shares on the date of receipt of the Auction Execution Ruling. The disposal of Nantong Shares was completed on 19 January 2020, and after such disposal, Nantong Road and Bridge was no longer a subsidiary of the Company.

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE *(continued)*

Notes: (continued)

(a) Construction of roads and bridges operation *(continued)*

The (loss) profit for the year from the discontinued construction of roads and bridges operation is set out below.

	2019 **RMB'000**	2018 RMB'000
Revenue	**2,387,295**	2,007,963
Cost of sales	**(2,391,328)**	(1,900,981)
Other income and gains	**7,135**	10,444
Administrative and other expenses	**(21,691)**	(25,041)
(Impairment loss recognised) reversal of impairment loss on trade and other receivables, net	**(12,143)**	11,441
Impairment loss on intangible assets	**–**	(22,000)
Share of loss of a joint venture	**(725)**	(2,121)
Finance costs	**(8,573)**	(31,353)
(Loss) profit of the discontinued operation	**(40,030)**	48,352
Impairment loss on a disposal group classified as held for sale	**(663,989)**	–
(Loss) profit before tax	**(704,019)**	48,352
Income tax credit (expense)	**63,911**	(18,418)
(Loss) profit for the year	**(640,108)**	29,934
(Loss) profit for the year from discontinued construction of roads and bridges operations includes the following:		
Gain on disposal of property, plant and equipment, net	**125**	16
Auditor's remuneration	**215**	19

During the year ended 31 December 2019, the construction of roads and bridges operation contributed approximately RMB74,496,000 (2018: RMB162,428,000) to the Group's net operating cash flows, paid approximately RMB140,012,000 (2018: RMB255,887,000) in respect of investing activities and paid approximately RMB83,077,000 (2018: contributed approximately RMB88,968,000) in respect of financing activities.

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE *(continued)*

Notes: (continued)

(a) Construction of roads and bridges operation *(continued)*

The major classes of assets and liabilities of the construction of roads and bridges operation as at 31 December 2019, which have been presented separately in the consolidated statement of financial position, are as follows:

	2019 RMB'000	2018 RMB'000
Property, plant and equipment	**62,957**	79,745
Right-of-use assets	**11,913**	–
Prepaid lease payments	**–**	8,531
Investment properties	**17,128**	20,425
Goodwill	**–**	16,930
Intangible assets	**56**	131,528
Interests in a joint venture	**121,864**	122,589
Financial assets at fair value through profit or loss	**171,000**	32,000
Equity instruments at FVTOCI	**5,000**	5,000
Trade and other receivables	**2,704,306**	2,688,261
Deferred tax assets	**60,301**	54,679
Inventories	**11,137**	76,136
Contract assets	**18,670**	96,637
Restricted bank deposits	**46,531**	107,374
Bank balances and cash	**24,851**	173,443
Assets classified as held for sale	**3,255,714**	3,613,278
Trade and other payables	**1,994,211**	1,532,388
Contract liabilities	**108,919**	87,819
Lease liabilities	**4,205**	–
Borrowings	**646,055**	770,608
Tax liabilities	**1,015**	28,880
Deferred tax liabilities	**1,508**	38,674
Liabilities related to assets classified as held for sale	**2,755,913**	2,458,369

Note:

Assets held for sale directly associated with assets held for sale above are presented after elimination of intra-group balance of RMB53,091,000.

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE *(continued)*

Notes: (continued)

(b) Cold chain logistics services operation

On 19 June 2018, Nanjing Dasheng Cold Chain Logistics Co., Limited* (南京大生冷鏈物流股份有限公司) ("**Nanjing Dasheng**"), a non-wholly owned subsidiary of the Company, issued and filed a statement of claim (the "**Nanjing Dasheng Statement of Claim**"), against Shanghai Agro-chemical, a wholly owned subsidiary of the Company, under Nanjing Intermediate People's Court of Jiangsu Province* (江蘇省南京市中級人民法院) ("**Nanjing Court**") for a breach of working capital loan agreement due to default in repayment of loan in a principal amount of approximately RMB209,405,000 and all related interests (the "**Nanjing Dasheng Loan**") (the "**Nanjing Dasheng Legal Proceedings**").

Pursuant to a civil mediation order issued by the Nanjing Court and settlement agreements subsequently entered into among Nanjing Dasheng, the Company and Shanghai Agro-chemical on 16 August 2018 and 30 August 2018 (collectively, the "**Civil Mediation Agreements**"), Shanghai Agro-chemical was required to repay Nanjing Dasheng approximately RMB210,500,000 in aggregate by two installments prior to 15 September 2018 and 31 December 2018, respectively.

As Shanghai Agro-chemical failed to settle the first installment prior to 15 September 2018, pursuant to the Civil Mediation Agreements, Nanjing Dasheng was entitled to apply to the Nanjing Court for immediate enforcement of claims and was entitled the priority of compensation claims against proceeds from auction or realisation of the Company's interest in the shares of Nanjing Bao Ze Equity Investment Fund Co., Limited* (南京寶澤股權投資基金股份有限公司) ("**Bao Ze**") pledged under the Nanjing Dasheng Loan for debt repayment (the "**Bao Ze Pledged Shares**").

As the Company failed to realise the Bao Ze Pledged Shares by selling to a third-party prior to 15 November 2018, according to the arrangements approved by the Nanjing Court, the Nanjing Court would initiate the auction to dispose the Bao Ze Pledged Shares to settle the outstanding debt under the Nanjing Dasheng Loan accordingly. The Company has been informed by the Nanjing Court that an auction announcement has been published on the network platform of Alibaba Judicial Auction* (sf.taobao.com) (the "**Ali Auction**") by the Nanjing Court on 15 November 2018 to put the Bao Ze Pledged Shares on auction during the period from 20 December 2018 to 21 December 2018 (the "**Auction Period**") through the network platform of Ali Auction.

On 21 December 2018, the Company noticed from the network platform of Ali Auction that the auction during the Auction Period in relation to the Bao Ze Pledged Shares was not successful. On 27 December 2018, a second auction announcement has been published on Ali Auction by the Nanjing Court putting the Bao Ze Pledged Shares on auction (the "**Second Auction**") during the period from 17 January 2019 to 18 January 2019 through the network platform of Ali Auction.

The Second Auction of the Bao Ze Pledged Shares, during the period from 17 January 2019 to 18 January 2019 through the network platform of Ali Auction, have been successfully closed. On 19 February 2019, the Company received an execution ruling dated 21 January 2019 from the Nanjing Court in relation to the successful auction of the Bao Ze Pledged Shares with an auction result of RMB188,000,000. The disposal was completed on 21 January 2019. The carrying amounts of the assets and liabilities of Bao Ze at the date of disposal are disclosed in Note 41.

* For illustrative purposes only

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE *(continued)*

Notes: (continued)

(b) Cold chain logistics services operation *(continued)*

The loss for the year from the discontinued cold chain logistics services operation is set out below.

	2018 RMB'000
Revenue	69,685
Cost of sales	(42,393)
Other income and gains	5,555
Distribution costs	(1,053)
Administrative and other expenses	(31,040)
Reversal of impairment loss on trade and other receivables	1,010
Finance costs	(6,686)
Loss of the discontinued operation	(4,922)
Impairment loss on a disposal group classified as held for sale	(188,877)
Loss before tax	(193,799)
Income tax credit	2,579
Loss for the year	(191,220)
Gain on disposal of property, plant and equipment, net	367
Auditor's remuneration	27

During the year ended 31 December 2018, the cold chain logistics services operation occupied approximately RMB59,470,000 in respect of the Group's net operating cash flows, contributed approximately RMB2,226,000 in respect of investing activities and contributed approximately RMB53,400,000 in respect of financing activities.

12. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE *(continued)*

Notes: (continued)

(b) Cold chain logistics services operation *(continued)*

The major classes of assets and liabilities of the cold chain logistics services operation as at 31 December 2018, which have been presented separately in the consolidated statement of financial position, are as follows:

	2018 RMB'000
Property, plant and equipment	39,299
Investment properties	435,845
Intangible assets	7,098
Trade and other receivables	42,660
Bank balances and cash	2,498
Assets classified as held for sale	527,400
Trade and other payables	59,815
Contract liabilities	4,333
Borrowings	53,400
Deferred tax liabilities	41,225
Liabilities related to assets classified as held for sale	158,773

(c) On 24 December 2018, Hong Kong Dasheng Agriculture Holding Company Limited ("**HK Dasheng Agriculture**"), a wholly owned subsidiary of the Company, entered into a disposal agreement (the "**Disposal Agreement I**") with the purchaser (the "**Purchaser I**"), whereby the Purchaser I has conditionally agreed to purchase and HK Dasheng Agriculture has conditionally agreed to disposal of 44% equity interests of Guowei Ruiying (Weifang) Financial Leasing Co., Limited* (國維瑞盈(濰坊)融資租賃有限公司) ("**Guowei Ruiying**") at a consideration of RMB33,000,000 (the "**Disposal I**"). The Disposal I has been classified as an asset classified as held for sale and is presented separately in the consolidated statement of financial position as at 31 December 2018. The transaction was completed on 19 January 2019.

(d) Prior to the acquisition of Anhui Huaxing Chemical Industry Company Limited ("**Anhui Huaxing**"), by the Group, Anhui Huaxing entered into the disposal agreement (the "**Disposal Agreement II**") with the purchaser (the "**Purchaser II**"), whereby the Purchaser II has conditionally agreed to purchase and Anhui Huaxing has conditionally agreed to dispose of a land located in the chemical plant in Wujiang Town, the Country 和縣烏江鎮精細化工基地內 in the PRC at the consideration of RMB5,000,000 (the "**Disposal II**"). As at 31 December 2019, the Disposal II was still in progress and had proceeded with the required governmental procedures specified in the Disposal Agreement II.

The Disposal II is expected to be sold within twelve months after the reporting date, has been classified as an asset classified as held for sale and is presented separately in the consolidated statement of financial position. The net proceeds of disposal are expected to exceed the net carrying amount of the assets and accordingly, no impairment loss has been recognised.

* For illustrative purposes only

13. LOSS FOR THE YEAR

Loss for the year from continuing operation is arrived at after charging:

	2019 RMB'000	2018 RMB'000
Continuing operations		
Auditor's remuneration	**2,380**	5,107
Cost of inventories recognised as expenses	**1,143,178**	1,781,668
Amortisation of intangible assets	**2,795**	915
Depreciation of property, plant and equipment	**74,770**	66,525
Depreciation of right-of-use assets	**4,391**	–
Release of prepaid land leases	**–**	1,922
Depreciation of investment properties	**–**	227
Loss on written-off property, plant and equipment	**2,885**	295
Research and development costs recognised as expense	**57,617**	45,209
Operating lease rental expenses in respect of:		
– Land and buildings	**4,557**	7,104

14. STAFF COSTS

	2019 RMB'000	2018 RMB'000
Continuing operations		
Employee costs (including directors) comprise (from continuing operations):		
Wages and salaries	**117,751**	110,676
Social security costs	**17,752**	23,466
Retirement scheme contributions	**3,698**	7,905
	139,201	142,047
Capitalised in inventories	**(41,643)**	(38,282)
	97,558	103,765

15. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS

Directors' and supervisors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and Companies Ordinance, is as follows:

For the year ended 31 December 2019

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	–	629	–	36	665
Mr. Wang Liguo *(Chief Executive Officer) (note (a))*	–	520	–	61	581
Mr. Mo Luojiang *(note (b))*	–	–	–	–	–
Mr. Yan Zebin *(note (c))*	–	425	1,957	65	2,447
	–	1,574	1,957	162	3,693

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

Chief Executive:					
Mr. Qian Di *(note (d))*	–	–	–	–	–

The Chief Executive's emoluments shown above was for his services in connection with the management of the affairs of the Company and the Group.

Non-executive directors:					
Mr. Lu Tingfu *(note (e))*	–	–	–	–	–
Mr. Zhu Tianxiang *(note (f))*	–	–	–	–	–

The non-executive director's emolument shown above was for his service as director of the Company.

Independent non-executive directors:					
Mr. Chung Cheuk Ming	106	–	–	–	106
Mr. Zhou Jianhao *(note (g))*	86	–	–	–	86
Mr. Yang Gaoyu	86	–	–	–	86
	278	–	–	–	278

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

15. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS *(continued)*

For the year ended 31 December 2019 *(continued)*

Name	**Fees** RMB'000	**Basic salaries and allowances** RMB'000	**Discretionary bonus** RMB'000	**Retirement scheme contributions** RMB'000	**Total** RMB'000
Supervisors:					
Mr. Lu Tingfu	–	–	–	–	–
Ms. Ye Mingzhu	**55**	–	–	–	**55**
Ms. Chen Yuanling *(note (h))*	**14**	–	–	–	**14**
Mr. Wang Bin *(note (i))*	**33**	**149**	–	**40**	**222**
Ms. Sun Ting *(note (j))*	**33**	**163**	–	**34**	**230**
Mr. Jiang Feng *(note (k))*	–	–	–	–	–
Ms. Xu Miaojie *(note (l))*	–	–	–	–	–
Mr. Zhao Xufeng *(note (m))*	**41**	–	–	–	**41**
	176	**312**	–	**74**	**562**

The supervisors' emoluments shown above were for their services as supervisors of the Company.

Total:	**454**	**1,886**	**1957**	**236**	**4,533**

For the year ended 31 December 2018

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	–	981	15	26	1,022
Mr. Wang Liguo *(Chief Executive Officer) (note (a))*	–	736	288	36	1,060
Mr. Mo Luojiang *(note (b))*	–	885	105	51	1,041
	–	2,602	408	113	3,123

15. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS *(continued)*

For the year ended 31 December 2018 *(continued)*

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

Name	Fees RMB'000	Basic salaries and allowances RMB'000	Discretionary bonus RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Chief Executive:					
Mr. Qian Di *(note (d))*	–	–	–	–	–

The Chief Executive's emoluments shown above was for his services in connection with the management of the affairs of the Company and the Group.

Name	Fees RMB'000	Basic salaries and allowances RMB'000	Discretionary bonus RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Non-executive directors:					
Mr. Zhu Tianxiang *(note (f))*	–	–	–	–	–

The non-executive director's emolument shown above was for his service as director of the Company.

Name	Fees RMB'000	Basic salaries and allowances RMB'000	Discretionary bonus RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Independent non-executive directors:					
Mr. Chung Cheuk Ming	100	–	7	–	107
Mr. Zhou Jianhao *(note (g)*	86	–	6	–	92
Mr. Yang Gaoyu	86	–	6	–	92
	272	–	19	–	291

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Name	Fees RMB'000	Basic salaries and allowances RMB'000	Discretionary bonus RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Supervisors:					
Mr. Lu Tingfu	–	–	–	–	–
Ms. Ye Mingzhu	54	–	4	–	58
Ms. Chen Yuanling *(note (h))*	54	–	4	–	58
Mr. Wang Bin *(note (i))*	15	182	9	40	246
Ms. Sun Ting *(note (j))*	15	157	9	33	214
Mr. Jiang Feng *(note (k))*	66	217	41	45	369
Ms. Xu Miaojie *(note (l))*	5	55	–	10	70
	209	611	67	128	1,015

The supervisors' emoluments shown above were for their services as supervisors of the Company.

	Fees RMB'000	Basic salaries and allowances RMB'000	Discretionary bonus RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Total:	481	3,213	494	241	4,429

Notes:

(a) Mr. Wang Liguo was appointed as chief executive officer on 11 February 2019.

(b) Mr. Mo Luojiang was resigned as chairman, chief executive officer and executive director on 27 December 2018.

(c) Ms. Yan Zebin was appointed as executive director on 21 June 2019.

(d) Mr. Qian Di was appointed as acting chief executive officer on 27 December 2018 and resigned on 11 February 2019.

(e) Mr. Lu Tingfu was appointed as non-executive director on 21 June 2019.

(f) Mr. Zhu Tianxiang was resigned as non-executive director on 1 March 2019.

(g) Mr. Zhou Jianhao was passed away on 3 February 2020.

(h) Ms. Chen Yuanling was resigned as supervisor on 20 June 2019.

(i) Mr. Wang Bin was appointed as supervisor on 26 July 2018.

(j) Ms. Sun Ting was appointed as supervisor on 26 July 2018.

(k) Mr. Jiang Feng was resigned as supervisor on 26 July 2018.

(l) Ms. Xu Miaojie was resigned on 26 July 2018.

(m) Mr. Zhao Xufeng was appointed as supervisor on 20 June 2019.

15. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS *(continued)*

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

There was no arrangement under which a director or the chief executive or supervisors waived or agreed to waive any remuneration during the years ended 31 December 2019 and 2018.

16. FIVE HIGHEST PAID EMPLOYEES

The five highest employees of the Group during the year included three (2018: three) Directors, details of whose emoluments are set out in Note 15 above. Details of the remuneration for the year of the remaining two (2018: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2019 **RMB'000**	2018 RMB'000
Basic salaries and allowances	**1,086**	2,200
Discretionary bonus	**–**	216
Retirement scheme contributions	**148**	153
	1,234	2,569

The number of the highest paid employees who are not the Directors whose remuneration fell within the following bands is as follows:

	2019 **Number of** **individuals**	2018 Number of Individuals
Nil to HK$1,000,000	**2**	2

During the years ended 31 December 2019 and 2018, no emoluments were paid by the Group to any of the Directors, chief executive and 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.

17. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2019, nor has any dividend been proposed since the end of the reporting period (2018: RMB Nil).

18. LOSS PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted loss per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

Loss figures are calculated as follows:

	2019 RMB'000	2018 RMB'000
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(771,487)**	(1,986,782)

Number of shares

	2019	2018
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**9,551,079,812**	9,505,808,579

For continuing operations

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

Loss figures are calculated as follows:

	2019 RMB'000	2018 RMB'000
Loss for the year attributable to owners of the Company	**(771,487)**	(1,986,782)
Less: Loss for the year from discontinued operations	**(594,270)**	(71,247)
Loss for the purpose of basic and diluted loss per share from continuing operations	**(177,217)**	(1,915,535)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

For discontinued operations

Basic and diluted loss per share for the discontinued operations is RMB0.062 per share (2018: RMB0.007 per share), based on the loss for the year from the discontinued operations of RMB594,270,000 (2018: RMB71,247,000) and the denominators detailed above for both basic and diluted loss per share.

No diluted loss per share for both 2019 and 2018 were presented as there were no potential ordinary shares in issue for both 2019 and 2018.

19. 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	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2018	71,794	479	46,650	14,510	31,161	16,979	826	182,399
Acquired on acquisition of subsidiaries *(Note 40)*	379,968	–	377,935	–	3,719	5,993	71,731	839,346
Additions	552	–	35,912	–	3,027	1,371	101,645	142,507
Disposals	(993)	–	(11,166)	(5,355)	(449)	(7,244)	–	(25,207)
Reclassified as held for sale	(44,857)	–	(63,397)	–	(16,258)	(6,754)	(26,987)	(158,253)
Transfer	19,568	–	74,872	–	–	–	(94,440)	–
Transfer to investment properties *(Note 22)*	(10,514)	–	–	–	–	–	–	(10,514)
Disposal of subsidiaries	(2,797)	–	–	–	(12,354)	–	(185)	(15,336)
Written off	–	(109)	(1,838)	–	(942)	–	–	(2,889)
At 31 December 2018	412,721	370	458,968	9,155	7,904	10,345	52,590	952,053
Additions	–	–	8,889	–	891	1,081	87,025	97,886
Disposals	–	–	(8,666)	–	(92)	(2,395)	–	(11,153)
Transfer	30,738	–	57,455	–	719	200	(89,112)	–
Disposal of subsidiaries	–	–	–	–	–	–	(7,056)	(7,056)
Written off	–	–	(695)	(7,096)	(215)	–	–	(8,006)
At 31 December 2019	**443,459**	**370**	**515,951**	**2,059**	**9,207**	**9,231**	**43,447**	**1,023,724**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS								
At 1 January 2018	4,544	412	12,805	9,510	17,916	8,128	–	53,315
Provided for the year	23,933	67	39,951	3,149	2,972	4,609	–	74,681
Reversal of impairment	–	–	–	(2,493)	–	–	–	(2,493)
Eliminated on disposals	(291)	–	(1,060)	(4,240)	(113)	(5,445)	–	(11,149)
Reclassified as held for sale	(3,072)	–	(15,870)	–	(7,561)	(3,126)	–	(29,629)
Disposal of subsidiaries	(1,588)	–	–	–	(9,664)	–	–	(11,252)
Written off	–	(109)	(1,553)	–	(932)	–	–	(2,594)
At 31 December 2018	23,526	370	34,273	5,926	2,618	4,166	–	70,879
Provided for the year	15,875	–	55,242	309	1,485	1,859	–	74,770
Eliminated on disposals	–	–	(1,794)	–	(35)	(2,062)	–	(3,891)
Written off	–	–	(660)	(4,354)	(107)	–	–	(5,121)
At 31 December 2019	**39,401**	**370**	**87,061**	**1,881**	**3,961**	**3,963**	**–**	**136,637**
NET BOOK VALUE								
At 31 December 2019	**404,058**	**–**	**428,890**	**178**	**5,246**	**5,268**	**43,447**	**887,087**
At 31 December 2018	389,195	–	424,695	3,229	5,286	6,179	52,590	881,174

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

The above items of property, plant and equipment (except for construction in progress), are depreciated on a straight-line basis over their estimated useful life 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

At 31 December 2019, certain buildings with carrying value of RMB420,294,000 (2018: RMB460,692,000) were pledged as security for certain of the Group's borrowings (Note 35(a)).

20. RIGHT-OF-USE ASSETS

	Leased properties RMB'000	**Leasehold lands** RMB'000	**Total** RMB'000
As at 1 January 2019	1,683	99,836	101,519
Additions	1,021	6,005	7,026
Disposals	–	(8,054)	(8,054)
Depreciation charges	(1,730)	(2,661)	(4,391)
As at 31 December 2019	974	95,126	96,100
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16			2,493
Total cash outflow for leases			4,557

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 1 to 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

20. RIGHT-OF-USE ASSETS *(continued)*

At 31 December 2019, prepaid lease payments with carrying value of approximately RMB57,211,000 were pledged as security for certain of the Group's borrowings (Note 35(a)).

21. PREPAID LEASE PAYMENTS FOR LAND USE RIGHTS LOCATED IN THE PRC

	RMB'000
COST	
At 1 January 2018	9,957
Acquired on acquisition of subsidiaries *(Note 40)*	101,758
Reclassified as assets held for sale	(9,958)
At 31 December 2018	101,757
ACCUMULATED DEPRECIATION	
At 1 January 2018	1,229
Reclassified as held for sale	(1,427)
Provided for the year	2,119
At 31 December 2018	1,921
CARRYING VALUES	
At 31 December 2018	99,836

	2018 RMB'000
Analysed for reporting purposes as:	
Non-current asset	97,179
Current asset	2,657
	99,836

At 31 December 2018, prepaid lease payments with carrying value of approximately RMB59,124,000 were pledged as security for certain of the Group's borrowings (Note 35(a)).

At 31 December 2018, the Group is in the process of obtaining the land use right certificate for a long-term leasehold land with carrying value of approximately RMB12,284,000.

22. INVESTMENT PROPERTIES

	RMB'000
COST	
At 1 January 2018	620,372
Disposal	(11,402)
Transfer from property, plant and equipment *(Note 19)*	10,514
Reclassified as held for sale	(642,714)
Additions	23,230
At 31 December 2018	–
ACCUMULATED DEPRECIATION	
At 1 January 2018	26,010
Provided for the year	57,216
Disposal	(3,028)
Reclassified as assets held for sale	(80,198)
CARRYING VALUES	
At 31 December 2018	–
FAIR VALUES	
At 31 December 2018	–

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.

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. There has been no change from the valuation technique used in the prior year.

The investment properties of the Group are measured at cost. The fair value disclosed is categorised as Level 3.

In estimating the fair value of the investment properties, the highest and best use of the investment properties of the Group is their current use.

The investment properties are depreciated on a straight-line basis over their estimated useful life of 20-30 years.

As at 31 December 2018, no investment properties was pledged to bank to secure certain of the Group's borrowings.

23. GOODWILL

	2019 **RMB'000**	2018 RMB'000
COST		
At 1 January	**71,057**	138,661
Reclassified as assets held for sale	**–**	(67,604)
At 31 December	**71,057**	71,057
IMPAIRMENT		
At 1 January	**71,057**	64,298
Impairment loss recognised	**–**	6,759
At 31 December	**71,057**	71,057
CARRYING VALUES		
At 31 December	**–**	–

Particulars regarding impairment testing on goodwill are disclosed in Note 25.

24. INTANGIBLE ASSETS

	Construction license *(Note (a))* RMB'000	Payment business license *(Note (b))* RMB'000	Patent *(Note (c))* RMB'000	Computer software *(Note (d))* RMB'000	Total RMB'000
COST					
At 1 January 2018	131,266	225,786	–	11,513	368,565
Acquired on acquisition of subsidiaries *(Note 40)*	–	–	5,806	1,058	6,864
Additions	22,000	–	192	6,193	28,385
Disposals	–	–	(228)	–	(228)
Reclassified as assets held for sale	(153,266)	–	–	(9,803)	(163,069)
At 31 December 2018	–	225,786	5,770	8,961	240,517
Additions	–	–	1,287	2,927	4,214
At 31 December 2019	**–**	**225,786**	**7,057**	**11,888**	**244,731**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS					
At 1 January 2018	–	–	–	959	959
Provided for the year	–	–	674	706	1,380
Impairment loss for the year	22,000	225,786	–	–	247,786
Reclassified as assets held for sale	(22,000)	–	–	(713)	(22,713)
At 31 December 2018	–	225,786	674	952	227,412
Provided for the year	–	–	1,031	1,764	2,795
At 31 December 2019	**–**	**225,786**	**1,705**	**2,716**	**230,207**
CARRYING VALUES					
At 31 December 2019	**–**	**–**	**5,352**	**9,172**	**14,524**
At 31 December 2018	–	–	5,096	8,009	13,105

Notes:

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

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

(c) Patent, which has finite useful lives, is amortised on a straight-line basis over 10 years.

(d) Computer software, which has finite useful lives, is amortised on a straight-line basis over 5 years.

25. IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

For the purposes of impairment testing, goodwill and intangible assets with indefinite useful lives set out in Notes 23 and 24 have been allocated to three individual cash generating units ("**CGUs**"), including the road and bridge construction segment, the agricultural big-data services segment and the cold chain services segment. The carrying amounts of goodwill and intangible assets with indefinite useful lives (net of accumulated impairment losses) allocated to these segments are as follows:

		Goodwill		**Construction license**	
	Note	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000
Road and bridge construction segment (Unit A)	*(a)*	–	16,930	–	131,266
Agricultural big-data services segment (Unit B)	*(b)*	–	–	–	–
Cold chain services segment (Unit C)	*(c)*	–	50,674	–	–
		–	67,604	–	131,266
Reclassified as held for sale		–	(67,604)	–	(131,266)
		–	–	–	–

Notes:

(a) Road and bridge construction segment

During the year ended 31 December 2018, the recoverable amount of this CGU is determined based on value in use ("VIU") calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year. Cash flows beyond the five-year period are extrapolated using the estimated weighted average annual growth rate of 2%.

The key assumptions used for VIU calculations are as follows:

	2018
Weighted average gross margin	13.8%
Growth rate	5%
Percentage of working capital over revenue	40%
Pre-tax discount rate	14.4%

25. IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES *(continued)*

Notes: (continued)

(a) Road and bridge construction segment *(continued)*

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. During the year ended 31 December 2018, management of the Group determines that there is no impairment on Unit A. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of road and bridge construction segment to exceed its aggregate recoverable amount.

Goodwill with carrying value of approximately RMB16,930,000 were reclassified as assets held for sale during the year ended 31 December 2018.

(b) Agricultural big-data services segment

During the year ended 31 December 2018, the profitability of Unit B was adversely affected due to the reason that unpredictable future business environment/market in Shanghai. Under these circumstances, the Directors decided to fully impair the goodwill and the payment business license arose from the acquisition of Unit B and impairment loss of approximately RMB6,759,000 and RMB225,786,000 has been recognised in profit or loss for the year ended 31 December 2018.

(c) Cold chain services segment

During the year ended 31 December 2018, management of the Group determines that there is no impairment on Unit C. Goodwill with carrying value of approximately RMB50,674,000 were reclassified as assets held for sale during the year ended 31 December 2018.

26. INTERESTS IN ASSOCIATES

	2019 **RMB'000**	2018 RMB'000
Cost of investment in associates	**85,276**	100,819
Share of post-acquisition profits and other comprehensive income, net of dividends received	**(9,772)**	(4,156)
	75,504	96,663
Impairment loss on investment in associates	**(51,011)**	(22,363)
	24,493	74,300
Reclassification as assets held for sale	**–**	(33,000)
Share of net assets	**24,493**	41,300

26. INTERESTS IN ASSOCIATES *(continued)*

The details of the Group's material associates at the end of the reporting periods are as follows:

Name	Place of incorporation and type of legal entity	Principal activities and place of operation	Registered capital	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group	
			RMB	**2019**	2018	**2019**	2018
上海伊禾旭生融資租賃有限公司 Shanghai Yi He Xu Sheng Financial Leasing Co., Ltd. (**"Shanghai Yi He"**)	PRC, limited liability company	Finance lease business In the PRC	100,000,000	**–** *(Note (a))*	30%	**33.33%**	33.33%
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	10,000,000	**49%**	49%	**49%**	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	10,000,000	**49%**	49%	**49%**	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	20,000,000	**49%**	49%	**49%**	49%
安徽博洋潤滑科技有限公司 Anhui Boyang Lubrication Technology Co., Ltd. (**"Anhui Boyang"**) (前稱安徽華普酯材料科技有限公司 formerly known as Anhui Huapu Ester Material Technology Company Limited)	PRC, limited liability company	Agricultural products supply chain service in the PRC	60,000,000	**29%** *(Note (b))*	51%	**29%**	51%
中農普惠金服科技股份有限公司 Zhongnong Puhui Jinfu Technology Ltd. (**"Zhongnong Puhui"**)	PRC, limited liability company	Finance lease business In the PRC	80,000,000	**12%** *(Note (c))*	21.43%	**14.29%**	30%
國維瑞盈(濰坊)融資租賃有限公司 Guowei Ruiying Financial Leasing Co., Ltd. (**"Guowei Ruiying"**)	PRC, limited liability company	Finance lease business In the PRC	200,000,000	**–** *(Note (d))*	44%	**–**	44%
安徽飛時達化工科技有限公司 Anhui Feishida Chemical Industry Technology Co., Ltd. (**"Anhui Feishida"**)	PRC, limited liability company	Agricultural products supply chain service in the PRC	50,096,500	**30.13%**	30.13%	**30.13%**	30.13%
南京生澤信息科技有限公司 Nanjing Shengze information Technology Co., Ltd. (**"Nanjing Shengze"**)	PRC, limited liability company	Agricultural big-data service in the PRC	20,000,000	**39.20%** *(Note (e))*	65.21%	**39.20%**	65.21%

26. INTERESTS IN ASSOCIATES *(continued)*

Notes:

a) During the year ended 31 December 2019, the interest in an associate, Shanghai Yi He was disposed of through the disposal of Hong Kong Dasheng Agriculture Holding Company Limited ("**HK Dasheng Agriculture**"), a wholly owned subsidiary of the Company, as detailed in Note 41 to the consolidated financial statements.

b) Anhui Boyang was a subsidiary indirectly held by the Group through a wholly owned subsidiary immediately before the additional capital contribution being made by shareholders during the year ended 31 December 2019. As a result, the Group's equity interests in Anhui Boyang was diluted from 51% to 29%, resulting a loss in control and the interest in Anhui Boyang is reclassified as interests in associates. Detail are disclosed in Note 41.

c) During the year ended 31 December 2019, there was capital injection by new shareholders in Zhongnong Puhui. As a result, the shareholding held by the Group was diluted from 21.43% to 12%.

d) On 24 December 2018, HK Dasheng Agriculture, a wholly owned subsidiary of the Company, entered into a disposal agreement (the "**Disposal Agreement I**") with the purchaser (the "**Purchaser I**"), whereby the Purchaser I has conditionally agreed to purchase and HK Dasheng Agriculture has conditionally agreed to dispose of 44% equity interests of Guowei Ruiying (Weifang) Financial Leasing Co., Limited* (國維瑞盈(濰坊)融資租賃有限公司) ("**Guowei Ruiying**") at a consideration of RMB33,000,000 (the "**Disposal I**"). The disposal was completed on 19 January 2019. No gain or loss on disposal of Guowei Ruiying was recognised in the profit or loss.

e) Nanjing Shengze was a subsidiary indirectly held the Group through a non-wholly owned subsidiary immediately before the Group disposed the 51% equity interest in Bao Ze on 21 January 2019 ("**Disposal**"). After the Disposal, the Group lost its control but retained significant influence over Nanjing Shengze. Immediately after the Disposal, Nanjing Shengze was derecognised a subsidiary of the Company and accounted for an associate of the Group. Detail of the Disposal are disclosed in Note 41.

* For illustrative purposes only

26. INTERESTS IN ASSOCIATES *(continued)*

Summarised financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

(a) Anhui Feishida

	2019 **RMB'000**	2018 RMB'000
Current assets	**10,417**	–
Non-current assets	**16,989**	–
Current liabilities	**4,012**	–
Non-current liabilities	**–**	–
Revenue	**–**	–
Profit for the year	**(1,415)**	–
Other comprehensive income for the year	**–**	–
Total comprehensive income for the year	**(1,415)**	–
Dividends received from the associate during the year	**–**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2019 **RMB'000**	2018 RMB'000
Net assets of Anhui Feishida	**23,394**	–
Proportion of the Group's ownership interest in Anhui Feishida	**30.13%**	30.13%
The Group' share of net assets of Anhui Feishida	**7,048**	–

26. INTERESTS IN ASSOCIATES *(continued)*

Summarised financial information of material associates *(continued)*

(b) Anhui Boyang

	2019 **RMB'000**	2018 RMB'000
Current assets	**1,351**	–
Non-current assets	**7,057**	–
Current liabilities	**1,000**	–
Non-current liabilities	**–**	–
Revenue	**–**	–
Profit for the year	**(662)**	–
Other comprehensive income for the year	**–**	–
Total comprehensive income for the year	**(662)**	–
Dividends received from the associate during the year	**–**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2019 **RMB'000**	2018 RMB'000
Net assets of Anhui Boyang	**7,408**	–
Proportion of the Group's ownership interest in Anhui Boyang	**29%**	
The Group' share of net assets of Anhui Boyang	**2,148**	–

26. INTERESTS IN ASSOCIATES *(continued)*

Summarised financial information of material associates *(continued)*

(c) Zhongnong Puhui

	2019 RMB'000	2018 RMB'000
Current assets	**27,523**	39,618
Non-current assets	**33,101**	22,623
Current liabilities	**2,176**	19,774
Non-current liabilities	**–**	–
Revenue	**42,144**	50,288
Profit for the year	**(12,070)**	(10,685)
Other comprehensive income for the year	**–**	–
Total comprehensive income for the year	**(12,070)**	(10,685)
Dividends received from the associate during the year	**–**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2019 RMB'000	2018 RMB'000
Net assets of Zhongnong Puhui	**58,448**	42,467
Proportion of the Group's ownership interest in Zhongnong Puhui	**11%**	21.43%
The Group' share of net assets of Zhongnong Puhui	**7,014**	9,101

26. INTERESTS IN ASSOCIATES *(continued)*

Summarised financial information of material associates *(continued)*

(d) Guowei Ruiying

	2018 RMB'000
Current assets	4,537
Non-current assets	103,730
Current liabilities	5,764
Non-current liabilities	–
Revenue	11,185
Profit for the year	5,491
Other comprehensive income for the year	–
Total comprehensive income for the year	5,491
Dividends received from the associate during the year	2,024

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2018 RMB'000
Net assets of Guowei Ruiying	102,503
Proportion of the Group's ownership interest in Guowei Ruiying	44%
The Group' share of net assets of Guowei Ruiying	45,101

26. INTERESTS IN ASSOCIATES *(continued)*

Summarised financial information of material associates *(continued)*

(e) Shanghai Yi He

	2018 RMB'000
Current assets	104,776
Non-current assets	14
Current liabilities	4
Non-current liabilities	–
Revenue	–
Loss for the year	50
Other comprehensive income for the year	–
Total comprehensive income for the year	50
Dividends received from the associate during the year	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2018 RMB'000
Net assets of Shanghai Yi He	104,786
Proportion of the Group's ownership interest in Shanghai Yi He	30%
The Group' share of net assets of Shanghai Yi He	31,436

Aggregate information of associates that are not individually material

	2018 RMB'000
The Group's share of loss from continuing operation	(2,289)
The Group's share of other comprehensive income	–
The Group's share of total comprehensive income	(2,289)

27. INTERESTS IN A JOINT VENTURE

	2019 RMB'000	2018 RMB'000
Cost of investment in joint venture	**124,209**	124,209
Share of post-acquisition loss and other comprehensive expense	**(2,345)**	(1,620)
Share of net assets	**121,864**	122,589
Reclassification as assets held for sale	**(121,864)**	(122,589)
	–	–

The details of the Group's joint venture at the end of the reporting periods are as follows:

Name	Place of incorporation and type of legal entity	Principal activities and place of operation	Registered capital RMB	Proportion of ownership interest held by the Group 2019	Proportion of ownership interest held by the Group 2018	Proportion of voting rights held by the Group 2019	Proportion of voting rights held by the Group 2018
灌雲北環建設投資開發有限公司 Guanyun Beihuan Construction Investment Development Co., Ltd (**"Guanyun Beihuan"**)	PRC, limited liability company	Project management in the PRC	138,010,000	**90%**	90%	**50%**	50%

The Group has a 90% interest in a joint venture, 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

Nantong Road and Bridge had paid-up all the registered capital of Guanyun Beihuan of RMB123,109,000, consisting 90% of its registered capital.

27. INTERESTS IN A JOINT VENTURE *(continued)*

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

	2019	2018
	RMB'000	RMB'000
The Group's share of loss from continuing operations	**–**	(2,121)
The Group's share of other comprehensive income	**–**	–
The Group's share of total comprehensive loss	**–**	(2,121)

28. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019	2018
	RMB'000	RMB'000
Listed equity securities *(Note (a))*	**1,890**	1,930
Unlisted equity securities *(Note (b))*	**8,250**	8,846
	10,140	10,776

Notes:

(a) The above listed equity investments represent ordinary shares of an entity listed in the PRC. These investments are not held for trading, instead, they are held for long-term strategic purposes. The Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

(b) The above unlisted equity investments represent the Group's equity interest in one private entity established in the PRC. The Directors have elected to designate these investments in equity instruments as at FVTOCI as it is the Group's strategy to hold the investment for long-term purpose.

29. INVENTORIES

	2019 RMB'000	2018 RMB'000
Agricultural and petrochemical products supply chain service		
Finished goods	**–**	6,407
Agrochemical products supply chain		
Consumables	**9,726**	8,562
Raw materials	**68,915**	79,578
Work in progress	**2,955**	10,351
Finished goods	**186,459**	177,427
	268,055	275,918
Agricultural big-data services		
Third party payment services equipment	**169**	279
	268,224	282,604

30. TRADE AND OTHER RECEIVABLES

	Notes	**2019 RMB'000**	2018 RMB'000
Trade receivables		**978,540**	1,011,114
Bank notes receivable		**13,370**	1,252
Finance lease receivables	*(a)*	**156,571**	182,375
Factoring loan receivables		**2,688,903**	2,688,903
Total trade and notes receivables	*(b)*	**3,837,384**	3,883,644
Prepayments and deposits		**38,775**	46,063
Other receivables	*(c)*	**2,061,682**	2,303,203
Amount due from an associate	*(d)*	**110**	–
Amount due from a related company	*(e)*	**277**	–
		5,938,228	6,232,910
Less: Allowance for credit losses	*(f)*	**(4,750,211)**	(4,873,199)
		1,188,017	1,359,711
Classified as:			
Non-current assets		**66,552**	88,003
Current assets		**1,121,465**	1,271,708
		1,188,017	1,359,711

30. TRADE AND OTHER RECEIVABLES *(continued)*

(a) Finance lease receivables

The gross finance lease receivables as at 31 December 2019 and 2018 are as follows:

	2019			2018		
	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
Within one year *(note (i))*	**35,829**	**(8,841)**	**26,988**	49,716	(4,997)	44,719
More than one year but not more than five years	**143,748**	**(14,165)**	**129,583**	149,844	(12,188)	137,656
	179,577	**(23,006)**	**156,571**	199,560	(17,185)	182,375

Note (i): Included in finance lease receivables was an amount of approximately RMB28,624,000 (2018: RMB28,924,000) loaned to related companies, the beneficial owners of which are Mr. Lan Huasheng, who is an executive Director, and Mr. Lu Tingfu, who was a supervisor and is currently a non-executive Director.

30. TRADE AND OTHER RECEIVABLES *(continued)*

(b) Trade and notes receivables

The aging analysis of trade and notes receivables for agricultural and petrochemical products supply chain services, agricultural big-data services and agrochemical products supply chain services are prepared based on invoice dates. For the finance lease and commercial factoring, the aging analysis is based on the lease and loan commencement dates set out in the relevant contracts. The detailed aging analysis that are before impairment loss are as follows:

	2019 **RMB'000**	2018 RMB'000
Agricultural and petrochemical products supply chain services:		
Less than 30 days	**55**	4,354
31 to 60 days	**249**	–
61 to 90 days	**–**	–
91 days to less than 1 year	**500**	150,671
1 year to less than 2 years	**155,017**	674,672
2 years to less than 3 years	**674,630**	10,467
Over 3 years	**29,257**	18,790
	859,708	858,954
Finance lease and commercial factoring:		
Less than 6 months	**26,988**	23,719
6 months to less than 1 year	**–**	1,280,730
1 year to less than 2 years	**1,274,323**	1,557,170
Over 2 years	**1,544,163**	9,659
	2,845,474	2,871,278
Agricultural big-data services:		
Less than 1 year	**–**	7,495
Over 1 year	**7,020**	–
	7,020	7,495
Agrochemical products supply chain services:		
Less than 6 months	**97,181**	40,578
6 months to less than 1 year	**27,119**	104,317
1 year to less than 2 years	**172**	706
2 years to less than 3 years	**472**	306
Over 3 years	**238**	10
	125,182	145,917
	3,837,384	3,883,644

30. TRADE AND OTHER RECEIVABLES *(continued)*

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

Notes:

(i) For agricultural and petrochemical products supply chain services, 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.

(ii) 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 ranged from 4.51% to 13.5% per annum.

(iii) For agricultural big-data services, the credit period is negotiated on individual basis and ranges from 0 day to 540 days.

(iv) For agrochemical products supply chain services, the credit period is negotiated on individual basis and ranges from 30 days to 60 days.

At 31 December 2019, carrying amounts of trade receivables amounted to approximately RMB189,597,000 (2018: RMB745,293,000) have been pledged as security for the Group's borrowings (Note 35(a)).

(c) Other receivables

As at 31 December 2019, included in other receivables amounted to approximately RMB1,997,274,000 (2018: RMB2,149,374,000) represents the deposit paid for purchasing raw materials from certain suppliers.

(d) Amount due from an associate

The amount is interest-free, unsecured and repayable on demand.

(e) Amount due from a related company

The amount is interest-free, unsecured and repayable on demand.

(f) Allowance for credit losses

Details of impairment assessment of trade and other receivables are set out in Note 45.

31. 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 legal proceedings, 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 2019 (2018: from 1.4% to 2.8% per annum).

Details of impairment assessment of restricted bank deposits are set out in Note 45.

32. BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.01% to 0.35% (31 December 2018: 0.01% to 0.35%) per annum.

For the year ended 31 December 2019, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

33. TRADE AND OTHER PAYABLES

	2019 **RMB'000**	2018 RMB'000
Trade payables	**132,157**	179,822
Notes payable	**5,000**	40,000
	137,157	219,822
Amounts due to related companies *(note)*	**244,839**	138,537
Other payables and accruals	**876,701**	906,584
	1,258,697	1,264,943
Less: non-current portion	**(4,950)**	(6,346)
Current portion	**1,253,747**	1,258,597

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

33. TRADE AND OTHER PAYABLES *(continued)*

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

	2019	2018
	RMB'000	RMB'000
Agricultural and petrochemical products supply chain services:		
Less than 30 days	**13**	196
6 months to less than 1 year	**–**	29,318
1 year to less than 2 years	**27,815**	878
2 years to less than 3 years	**–**	–
Over 3 years	**207**	199
	28,035	30,591
Agricultural big-data services:		
Less than 1 year	**407**	2,590
Over 1 year	**–**	747
	407	3,337
Agrochemical products supply chain services:		
Less than 6 months	**100,605**	172,867
6 months to less than 1 year	**1,861**	4,799
1 year to less than 2 years	**1,580**	7,665
2 years to less than 3 years	**4,150**	63
Over 3 years	**519**	500
	108,715	185,894
	137,157	219,822

34. CONTRACT LIABILITIES

	Notes	**2019** **RMB'000**	2018 RMB'000
Road and bridge construction	*(b)(i)*	**–**	–
Agricultural and petrochemical products supply chain services	*(a)(i)*	**108,501**	108,501
Agricultural big-data services	*(a)(ii)*	**14,843**	12,874
Cold chain logistics services	*(b)(ii)*	**–**	–
Agrochemical products supply chain services	*(a)(iii)*	**158,859**	116,841
		282,203	238,216
Current		**282,203**	238,216

As at 1 January 2018, contract liabilities amounted to approximately RMB133,011,000.

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	Road and bridge construction RMB'000	Agricultural and petrochemical products supply chain services RMB'000	Agricultural big-data services RMB'000	Cold chain logistics services RMB'000	Agrochemical products supply chain services RMB'000
For the year ended 31 December 2019					
Revenue recognised that was included in the contract liability balance at the beginning of the year	**–**	**(108,501)**	**(12,874)**	**–**	**(116,841)**
Revenue recognised from performance obligations satisfied in prior periods	**–**	**–**	**6,151**	**–**	**239,754**
Consideration from new contract, not previously recognised due to the constraint	**–**	**–**	**(8,120)**	**–**	**(281,772)**

34. CONTRACT LIABILITIES *(continued)*

	Road and bridge construction RMB'000	Agricultural and petrochemical products supply chain services RMB'000	Agricultural big-data services RMB'000	Cold chain logistics services RMB'000	Agrochemical products supply chain services RMB'000
For the year ended 31 December 2018					
Revenue recognised that was included in the contract liability balance at the beginning of the year	(83,075)	(25,363)	(13,363)	(11,210)	–
Revenue recognised from performance obligations satisfied in prior periods	60,582	22,795	6,622	9,318	–
Consideration from new contract, not previously recognised due to the constraint	(65,326)	(105,933)	(6,133)	(2,441)	(116,841)
Reclassified as assets held for sale	87,819	–	–	4,333	–

Notes:

(a) Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

(i) Agricultural and petrochemical products supply chain services

The Group requires customers to made full upfront payments within 90 days after they entered into the sales contracts. The upfront payments are being recognised as contract liabilities until the Group delivered the finished goods to the customer, which is typically performed within 3 months after they entered into the sales contracts.

(ii) Agricultural big-data services

The Group requires customers to made a deposit before the provision of the agricultural big-data services. This gives rise to contract liabilities at the start of a contract, until the end of the service period.

(iii) Agrochemical products supply chain services

Depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to make advance payments while production is still ongoing. The advance payment schemes result in contract liabilities being recognised throughout the production period until the customer obtains control of the finished goods.

The Group considers the advance payments contain significant financing component and applies the practical expedient of not adjusting the transaction price for any significant financing component as the period between payments and transfer of the associated goods is less than one year.

34. CONTRACT LIABILITIES *(continued)*

Notes: (continued)

(b) Explanation of the significant changes in the contract liabilities are set out as follows:

(i) Road and bridge construction

As at 31 December 2018, the contract liabilities were mainly due to discontinuing the operation as detailed in Note 12 to the consolidated financial statements.

(ii) Cold chain logistics services

As at 31 December 2018, the contract liabilities were mainly due to discontinuing the operation as detailed in Note 12 to the consolidated financial statements.

35. BORROWINGS

	Notes	2019 RMB'000	2018 RMB'000
Bank borrowings:			
Secured	*(a) & (b)*	**828,294**	844,649
Unsecured	*(b)*	**–**	278,340
		828,294	1,122,989
Other borrowings:			
Secured		**1,423,553**	1,450,703
		2,251,847	2,573,692

35. BORROWINGS *(continued)*

	2019 RMB'000	2018 RMB'000
The carrying amounts of the above borrowings are repayable*:		
On demand or within one year	**2,112,786**	2,125,947
More than one year, but not exceeding two years	**139,061**	305,245
Within a period of more than two years but not exceeding five years	**–**	142,500
	2,251,847	2,573,692
Less: Amounts due within one year shown under current liabilities	**(2,112,786)**	(2,125,947)
Amounts shown under non-current liabilities	**139,061**	447,745

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

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:

	2019 RMB'000	2018 RMB'000
Right-of-use assets *(Note 20)*	**57,211**	–
Prepaid lease payment *(Note 21)*	**–**	59,124
Property, plant and equipment *(Note 19)*	**420,294**	460,692
Trade receivables, net of impairment loss *(Note 30)*	**189,597**	745,293

As at 31 December 2019 and 2018, equity interests of a subsidiary, Anhui Huaxing and Shanghai Agro-chemical have been mortgaged to obtain certain borrowings.

(b) The secured borrowings of the Group to the extent of approximately RMB804,402,000 (2018: secured and unsecured borrowings of approximately RMB846,049,000) were guaranteed by certain directors of the Company and its subsidiaries.

35. BORROWINGS *(continued)*

The exposure of the Group's borrowings are as follows:

	2019 RMB'000	2018 RMB'000
Fixed-rate borrowings	**1,091,990**	1,338,465
Variable-rate borrowings	**1,159,857**	1,235,227
	2,251,847	2,573,692

The floating rate borrowings carried interest at rates stipulated by People's Bank of China (中國人民銀行利率) benchmark rates plus 20% to 80%.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2019 RMB'000	2018 RMB'000
Effective interest rates:		
Fixed-rate borrowings	**5.7% to 18%**	6.8% to 18%
Variable-rate borrowings	**4.35% to 5.22%**	4.35% to 4.75%

The Group's borrowings that are denominated in RMB.

As at 31 December 2019, no banking facilities of the Group were subject to the fulfilment of covenants relating to the Company's financial ratios (2018: Nil).

36. LEASE LIABILITIES

	2019 RMB'000
Lease liabilities payable:	
Within one year	**945**

37. DEFERRED TAX

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:

	2019 **RMB'000**	2018 RMB'000
Deferred tax assets	**376**	376
Deferred tax liabilities	**(3,063)**	(60,304)
	(2,687)	(59,928)

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

	ECL provision/ Impairment loss and discounting on trade and other receivables RMB'000	**Fair value surplus in respect of business combination** RMB'000	**Total** RMB'000
At 1 January 2018	49,020	(134,166)	(85,146)
Credit to profit or loss	16,281	(4,042)	12,239
Reclassified as assets held for sale	(64,925)	79,899	14,974
Acquisitions *(Note 40)*	–	(1,995)	(1,995)
At 31 December 2018	376	(60,304)	(59,928)
Credit to profit or loss	–	57,241	57,241
At 31 December 2019	**376**	**(3,063)**	**(2,687)**

At the end of the reporting period, the Group has unused tax losses for PRC subsidiaries of approximately RMB1,469,366 (2018: RMB1,410,844,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. Other losses of approximately RMB38,565,000 (2018: RMB52,883,000) arising in Hong Kong can be carried forward indefinitely.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

38. SHARE CAPITAL

	Number of shares	Amount RMB'000
Ordinary shares of RMB0.1 each		
Authorised, issued and fully paid:		
At 1 January 2018	8,633,079,812	863,308
Placing of shares *(note)*	918,000,000	91,800
At 31 December 2018 and 31 December 2019	9,551,079,812	955,108

Notes:

On 27 October 2016, the Company entered into a placing agreement with a placing agent (the "**Placing Agent**"), pursuant to which the Company conditionally agreed to place through the Placing Agent, on a best efforts basis, up to 1,500,000,000 H Shares at not less than HK$0.65 per H Share in up to two tranches. An aggregate of 918,000,000 H Shares (the "**Placing Shares**") have been successfully placed through the Placing Agent at the placing price of HK$0.65 per Placing Share to Hua Shang Pearl Agriculture Investment Fund and the completion of which took place on 19 January 2018. Immediately after completion of the subscription, the registered capital of the Company became approximately RMB955,108,000 which was divided into 3,349,000,000 domestic shares and 6,202,079,812 H shares, each share having a par value of RMB0.10. The gross proceeds and net proceeds from the subscription were RMB488,158,000 and RMB475,580,000, respectively, which would be used in the development of the agricultural trading related business and repayment of the existing indebtedness of the Group.

39. RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all qualifying employees in Hong Kong. The assets of the MPF Schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs capped at HK$1,500 (2018: HK$1,500) per month to the MPF Scheme, in which is matched by employees.

* For illustrative purposes only

39. RETIREMENT BENEFITS PLANS *(continued)*

The Company and the Company's subsidiaries in the PRC are members of the state-managed retirement benefits scheme operated by the government of PRC. The retirement scheme contributions, which are based on a certain percentage of the basic salaries of the relevant subsidiary's employees, are charged to the profit or loss in the period to which they relate and represent the amount of contributions payable by the subsidiary to the scheme. The only obligation of the Group with respect to the retirement benefits scheme operated by the government of PRC is to make the required contributions under the scheme.

The retirement benefit cost charged to the profit or loss represents contributions paid and payable to the scheme by the Group at rate specified in the rules of the scheme.

40. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2018

On 9 March 2018, the Company and Anhui Dasheng Niannianfu Bio-technology Company Limited* (安徽大生年年富生物科技有限公司) (the "**Vendor**"), which is wholly owned by Shenzhen Dasheng, entered into a sale and purchase agreement (the "**Agreement**"), pursuant to which the Company had conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire equity interest in Anhui Huaxing at a consideration of approximately RMB5,577,000 (the "**Acquisition**"). The Acquisition was completed on 15 March 2018.

Pursuant to the Agreement, the Vendor guaranteed that the net profit (the "**Actual Net Profit**") of Anhui Huaxing for a period of five years from the date of the 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.

The above arrangement constitutes a contingent consideration. The Directors have appointed an independent and professionally qualified valuer to perform a valuation on a 5-year forecast of Anhui Huaxing on the acquisition date, as at 31 December 2018 and as at 31 December 2019 to assess the feasibility to meet the Actual Net Profit over the Guaranteed Period. In the opinion of the Directors, the probability of Vendor to pay the shortfall in cash is remote after considering the financial position of the Vendor, no asset from the above arrangement was recognised at the acquisition date, as at 31 December 2018 and as at 31 December 2019 and the end of reporting period.

The Acquisition has been accounted for using the purchase method. Anhui Huaxing is engaged in development of bio-engineering products and sale of chemical products, pesticides, chemical fertilisers, packaged seeds and agricultural machinery.

* For illustrative purposes only

40. ACQUISITION OF SUBSIDIARIES *(continued)*

For the year ended 31 December 2018 *(continued)*

Consideration transferred

	RMB'000
Cash	5,557

Acquisition-related costs amounting to approximately RMB527,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "Administrative and other expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Property, plant and equipment	839,346
Intangible asset	6,864
Assets held for sale	41,703
Prepaid lease payments	101,758
Inventories	249,371
Trade and other receivables	279,130
Bank balances and cash	5,937
Trade and other payables	(648,478)
Contract liabilities	(54,984)
Borrowings	(268,700)
Tax liabilities	(1,862)
Deferred income	(10,444)
Deferred tax liabilities	(1,995)
NET ASSETS	537,646

The fair value of the trade and other receivables amounted to approximately RMB279,130,000. The gross contractual amounts to those trade and other receivables acquired to approximately RMB284,041,000 at the date of acquisition. The best estimated at acquisition date of the contractual cash flows not expected to be collected to approximately RMB4,911,000.

40. ACQUISITION OF SUBSIDIARIES *(continued)*

For the year ended 31 December 2018 *(continued)*

Gain on bargain purchase arising on acquisition:

	RMB'000
Consideration transferred	5,577
Less: net assets acquired	(537,646)
Gain on bargain purchases	(532,069)

Net cash outflow on acquisition of Anhui Huaxing

	RMB'000
Cash and cash equivalent balances acquired (note)	5,937

Note: The consideration has not been paid during the years ended 31 December 2018 and 2019.

Included in the profit for the year is RMB282,856,000 attributable to the additional business generated by Anhui Huaxing. Revenue for the year includes RMB826,866,000 generated from Anhui Huaxing.

Had the acquisition been completed on 1 January 2018, total group revenue for the year would have been RMB2,377,289,000, and loss for the year would have been RMB3,292,123,000. The 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 2018, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and loss of the Group had Anhui Huaxing been acquired at the beginning of the current year, the Directors have calculated depreciation of plant and equipment and amortisation of prepaid lease payments acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements.

41. DISPOSAL, DEEMED DISPOSAL AND PARTIAL DISPOSAL OF INTERESTS IN SUBSIDIARIES

For the year ended 31 December 2019

(a) Nanjing Dasheng Bao Ze Equity Investment Fund Co., Limited ("**Bao Ze**")

On 21 January 2019, the Group disposed of its subsidiary, Bao Ze with an auction result of RMB188,000,000. Upon completion of the disposal in 51% of Bao Ze, leading to loss of control of Nanjing Shengze. The transaction was accounted for as disposal of partial interests in subsidiary resulting in loss of control. As a result, Nanjing Shengze became the associates of the Group. The fair value of the 39.20% of retained interest in Nanjing Shengze at the date on which control was lost were regarded as the cost in initial recognition of the Group's interests in associates.

The net assets of Bao Ze and its subsidiaries ("**Bao Ze Group**") as at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:	RMB'000
Property, plant and equipment	39,299
Investment properties	435,845
Intangible assets	7,098
Trade and other receivables	42,660
Amount due from the Group	214,980
Bank balances and cash	2,498
Trade and other payables	(59,815)
Amounts due to the Group	(272,404)
Contract liabilities	(4,333)
Borrowings	(53,400)
Deferred tax liabilities	(41,225)
Net assets disposed of	311,203
Gain on disposal of subsidiaries:	
Auction result	188,000
Non-controlling interest	113,784
Net assets disposed of	(311,203)
Fair value of 39.20% retained equity interest held by the Group	
– Classified as interests in associates	9,800
Gain on disposal	381
Net cash outflow arising on disposal:	
Cash received	–
Less: bank balances and cash disposed of	(2,498)
	(2,498)

41. DISPOSAL, DEEMED DISPOSAL AND PARTIAL DISPOSAL OF INTERESTS IN SUBSIDIARIES *(continued)*

For the year ended 31 December 2019 *(continued)*

(b) Hong Kong Dasheng Agriculture Holding Company Limited ("**HK Dasheng Agriculture**")

On 30 December 2019, the Group entered into a disposal agreement with an independent third party (the "**Purchaser III**"), whereby the Purchaser III has conditionally agreed to purchase and the Group has conditionally agreed to sell the entire 100% equity interests of HK Dasheng Agriculture, to the Purchaser III at a consideration of RMB1. The disposal was completed on 30 December 2019.

Upon completion of the disposal in 100% of HK Dasheng Agriculture, the Group held indirectly through Shenzhen Dasheng Financial Holding Company Limited ("**Shenzhen Dasheng Financial**"), a wholly owned subsidiary, of 64% of equity interest in Ever Fortune Financial Leasing Co., Ltd. ("**Ever Fortune**"). As the Group remains its control over Shenzhen Dasheng Financial, Ever Fortune remain as subsidiary of the Company after the transaction which is then accounted for as an equity transaction.

41. DISPOSAL, DEEMED DISPOSAL AND PARTIAL DISPOSAL OF INTERESTS IN SUBSIDIARIES *(continued)*

For the year ended 31 December 2019 *(continued)*

(b) Hong Kong Dasheng Agriculture Holding Company Limited ("**HK Dasheng Agriculture**") *(continued)*

The net assets of HK Dasheng Agriculture at the date of disposal were as follows:

Consideration received:	RMB
Cash received	1

Analysis of assets and liabilities over which control was lost:	RMB'000
Trade and other receivables	23
Bank balances and cash	5
Net assets disposed of	28
Loss on disposal of a subsidiary	
Consideration	–
Release of exchange reserve upon disposal	(11,363)
Net assets disposed of	(28)
Loss on disposal	(11,391)
Net cash outflow arising on disposal	
Cash received	–
Less: bank balances and cash disposed of	(5)
	(5)

41. DISPOSAL, DEEMED DISPOSAL AND PARTIAL DISPOSAL OF INTERESTS IN SUBSIDIARIES *(continued)*

For the year ended 31 December 2019 *(continued)*

(c) Anhui Boyang Lubrication Technology Co., Ltd. ("**Anhui Boyang**")

With the capital injection by Anhui Boyang's shareholders on 29 July 2019, the Group's equity interests in Anhui Boyang has been diluted from 51% to 29%, resulting in a loss of control. Accordingly, the interest in Anhui Boyang was reclassified as interests in associates.

The assets and liabilities of Anhui Boyang were deconsolidated from the Group's consolidated statement of financial position and the interest in Anhui Boyang has been accounted for as an associate. The fair value of the 29% retained interest in Anhui Boyang at the date on which the control was lost is regarded as the cost on initial recognition of the investment in Anhui Boyang as an associate.

	RMB'000
Fair value of 29% equity interest retained	8,000

Analysis of assets and liabilities over which control as lost:	RMB'000
Property, plant and equipment	7,056
Other receivables	979
Bank balances and cash	373
Trade payables	(1,000)
Net assets disposed of	7,408
Gain on deemed disposal of a subsidiary	
Fair value of 29% retained equity interest held by the Group	
– classified as interests in associates	8,000
Non-controlling interests	(290)
Net assets disposed of	(7,408)
Gain on deemed disposal	302
Net cash outflow arising on disposal	
Bank balances and cash of deemed disposed of	(373)
	(373)

41. DISPOSAL, DEEMED DISPOSAL AND PARTIAL DISPOSAL OF INTERESTS IN SUBSIDIARIES *(continued)*

For the year ended 31 December 2018

(d) Hong Kong Dasheng Agriculture & Food Limited ("**HK Dasheng A&F**")

On 21 November 2018, the Group entered into a disposal agreement with an independent third party (the "**Purchaser IV**"), whereby the Purchaser IV has conditionally agreed to purchase and the Group has conditionally agreed to sell the entire 70% equity interests of HK Dasheng A&F, to the Purchaser IV at a consideration of RMB1,000,000. The disposal was completed on 21 November 2018.

Consideration received:	RMB'000
Cash received	1,000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	100
Inventories	21,140
Trade and other receivables	48,551
Bank balances and cash	8,886
Trade and other payables	(61,975)
Net assets disposed of	16,702
Loss on disposal of a subsidiary	
Consideration	1,000
Non-controlling interest	4,034
Net assets disposed of	(16,702)
Loss on disposal	(11,668)
Net cash outflow arising on disposal	
Cash consideration	1,000
Less: bank balances and cash disposed of	(8,886)
	(7,886)

41. DISPOSAL, DEEMED DISPOSAL AND PARTIAL DISPOSAL OF INTERESTS IN SUBSIDIARIES *(continued)*

For the year ended 31 December 2018 *(continued)*

(e) Wuhan Hualong Highway Resources Company Limited ("Wuhan Hualong")

On 17 April 2018, the Company entered into the disposal agreement with an independent third party (the "**Purchaser V**"), whereby the Purchaser V has conditionally agreed to purchase and the Company has conditionally agreed to sell the entire equity interests of Wuhan Hualong, to the Purchaser V at a consideration of RMB4,200,000. The disposal was completed on 18 April 2018.

Consideration received:	RMB'000
Cash received	4,200
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	3,984
Inventories	30
Trade and other receivables	27,749
Bank balances and cash	486
Trade and other payables	(656)
Net assets disposed of	31,593
Loss on disposal of a subsidiary	
Consideration	4,200
Net assets disposed of	(31,593)
Non-controlling interest	20,981
Loss on disposal	(6,412)
Net cash inflow arising on disposal	
Consideration received	4,200
Less: bank balances and cash disposed of	(486)
	3,714

42. LITIGATIONS AND CONTINGENT LIABILITIES

(a) On 23 April 2018, Bank of Shanghai Company Limited Pudong Branch ("**Bank of Shanghai**") 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 Agro-chemical both are wholly-owned subsidiaries of the Company (collectively the "**Subsidiaries**"), 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 RMB89,900,000 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. Bank of Shanghai also applied for property preservation on the Company's equity interest in Nantong Road and Bridge and Anhui Huaxing amounting to approximately RMB49,972,000 and RMB10,024,000, respectively. On 30 October 2018, the Company received three civil judgements dated 30 September 2018 by the Court in relations to the Legal Proceedings (collectively, the "**Civil Judgements**"). According to the Civil Judgements, (i) the Subsidiaries shall repay Bank of Shanghai of approximately RMB90,171,000 (including the principal amounts and related interests) within 10 days from the effective date of the Civil Judgments (the "**Effective Date**"), being the date after 15 days upon the Civil Judgments were served on and no appeal application is made, (ii) the Subsidiaries shall pay Bank of Shanghai the overdue interests/advance interests during the period from the settlement due date to the actual settlement date within 10 days from the Effective Date, (iii) the Subsidiaries shall pay Bank of Shanghai its legal fee in a total amount of RMB150,000 within 10 days from the Effective Date, and (iv) the guarantors to the Loans (including the Company) shall undertake joint guarantee for the repayment obligations of Shanghai Dasheng Agricultural Products Co., Ltd. and Shanghai Dasheng Agro-chemical Co., Ltd. under (i) to (iii) mentioned above of not more than RMB22,000,000 and RMB88,000,000, respectively, and the guarantors to the Loans were entitled the right to claim the Subsidiaries for such cost of repayment after performing the guarantee obligations. On 14 March 2019, the Company was informed by Bank of Shanghai that, Shenzhen Dasheng has repaid RMB40,000,000 to Bank of Shanghai pursuant to one of the Civil Judgement against Shanghai Agro-chemical.

As at 31 December 2019, the outstanding payable of the principal payment and the relevant interest accrued of approximately RMB63,975,000 (2018: RMB91,761,000) in aggregate.

42. LITIGATIONS AND CONTINGENT LIABILITIES *(continued)*

(b) On 18 April 2019, the Company received two enforcement notices dated 10 April 2019 and 12 April 2019 issued by the Shanghai Court in relation to an application for compulsory enforcement action of claims made by CEFC Securities pursuant to the Civil Mediation Order. According to such enforcement notices, the Shanghai Court ordered that the Company shall repay an aggregate sum of RMB338,411,779.11 (being the principal amounts, overdue interests, compound interests, legal fees and guarantor fees). As Shanghai Agro-chemical failed to comply with its repayment obligations such enforcement notices, the Shanghai Court ordered that (i) the bank deposits of the Company, Shanghai Agro-chemical, Shenzhen Dasheng, Dasheng (Fujian) and Hong Kong Dasheng Investment in the amount of RMB338,817,590.89 be frozen and appropriated; (ii) in the case of insufficient funds in their bank accounts, the assets of the Company, Shanghai Agro-chemical, Shenzhen Dasheng, Dasheng Fujian and Hong Kong Dasheng of corresponding value be sealed up, distrained, auctioned or sold; and (iii) the Nantong Shares be sealed up, distrained, auctioned or sold. Details of the claim and settlement are disclosed in Note 12(a).

(c) On 19 June 2018, CEFC issued and filed a statement of claim (the "**Second Statement of Claim**"), against the Company under Gansu Provincial Higher People's Court for a beach of loan agreement due to default in repayment of loan in a principal amount of RMB300,000,000 and all related interest (the "**CEFC Loan II**") (the "**Second CEFC Legal Proceedings**"). Shenzhen Dasheng, Dasheng Fujian, HK Dasheng Investment, being the guarantors to the CEFC Loan II, were also named as defendants in the Second Statement of Claim. The hearing date of the Second CEFC Legal Proceedings has not yet been set.

As at 31 December 2019, the outstanding payable of the principal payment and the relevant interest accrued of approximately RMB373,313,000 (2018: RMB325,947,000) in aggregate.

On 16 January 2020, the Company received a civil judgment dated 19 December 2019 made by the Gansu Provincial Higher People's Court in relation to the Second CEFC Legal Proceedings. According to such civil judgment, the Company shall repay CEFC Securities, (i) the principal amount of the loan of RMB300,000,000; (ii) relevant overdue interest of approximately RMB10,732,000; (iii) relevant compound interest of approximately RMB52,000; (iv) relevant penalty interest of approximately RMB1,445,000; and (v) CEFC Shanghai's legal fees of approximately RMB350,000. The guarantors to the loan, namely, Shenzhen Dasheng, Dasheng (Fujian) and Hong Kong Dasheng Investment shall undertake joint and several guarantee liability for the repayment obligations of the Company under (i) to (v) mentioned above. In the event that the Company fail to fulfil its repayment obligations set out above, CEFC Securities is entitled to the priority of compensation claims against the Company's pledge of account receivables from two independent third parties of approximately RMB406,000,000, and the interest to be repaid shall be doubled. As at the date of this report, the Company did not make an appeal application on such civil judgment. Please refer to the Company's announcements dated 16 January 2020 for details.

42. LITIGATIONS AND CONTINGENT LIABILITIES *(continued)*

(d) On 25 July 2018, Shanghai Pudong Development Bank Co., Ltd., Hongkou Branch (the "**PD Bank**") issued and filed three statements of claim (the "**PD Statements of Claim**"), all of which against Shanghai Agro-chemical, a wholly-owned subsidiary of the Company, under Shanghai Hongkou District People's Court (the "**Hongkou Court**") for a breach of agreements for the opening bank acceptance bills business due to default in repayment of the principal and interest and the payables (the "**PD Financing**") (collectively, the "**PD Legal Proceedings**") in an aggregate amount of approximately RMB44,400,000 and all related penalty interests. The Company, Anhui Huaxing, Shenzhen Dasheng, Mr. Lan Huasheng, are the guarantors to the PD Financing and were also named as defendants in the PD Statements of Claim. Please refer to the Company's announcement date 14 September 2018 for details. PD Bank also applied for property preservation on the Company's equity interest in Nantong Road and Bridge, Anhui Huaxing and Bao Ze amounting to approximately RMB547,885,000, RMB180,000,000 and RMB207,634,000, respectively.

On 15 January 2019, the Company received three civil judgement by Hongkou Court in relation to the PD Legal Proceedings (collectively, the "**PD Civil Judgements**". According to the PD Civil Judgements, Shanghai Agrochemical shall (i) repay PD Bank of approximately RMB43,219,000 (including the principal amounts and related interests) before 31 January 2019; and (ii) Shanghai Agro-chemical shall pay PD Bank the overdue interests/advance interests during the period from the settlement due date to the actual settlement date.

As at 31 December 2019, the outstanding payable of the principal payment and the relevant interest accrued of approximately RMB44,336,000 (2018: RMB44,635,000) in aggregate.

(e) On 6 September 2018, Mr. Wu, Madam Yan and Zhenjiang City Zhiying Investment Management Centre (Limited Partnership)* (鎮江市智贏投資管理中心(有限合夥)) (the "**Pledgee**") (collectively, the "**Plaintiff**"), issued and filed a statement of claim ("**Zhiying Statement of Claim**"), against the Company under the Shanghai Second Court for a default in payment of outstanding consideration for the acquisition of the entire equity interest in Shanghai Kaiyi Corporate Management Consultancy Co., Ltd.* (上海諧易企業管理諮詢有限公司) ("**Shanghai Kaiyi**"), which was completed on 27 July 2016, and loan owned to Mr. Wu and Madam Yan in an aggregate amount of approximately RMB148,796,000 and all related interests (the "**Zhiying Legal Proceedings**"). The Plaintiff applied for property preservation on the Company's equity interest in Nantong Road and Bridge and Anhui Huaxing amounting to approximately RMB547,885,000 and RMB180,000,000, respectively. The hearing of the Zhiying Legal Proceedings, which were originally scheduled to be held on 30 November 2018 at the Shanghai Second Court, were rescheduled and new hearing dates have yet to be set. The Company repaid approximately RMB74,000,000 during the year ended 31 December 2018.

On 11 July 2019, the Company received a civil judgment dated 11 July 2019 made by the Shanghai Second Court in relation to the default in (i) payment of outstanding consideration for the acquisition of the entire equity interest in Shanghai Kaiyi and a guarantor to the outstanding sums due by the Company to the Pledgee, which was completed on 27 July 2016 and (ii) loan owned to Mr. Wu Hongbin, Madam Yan Xiefang in an aggregate amount of approximately RMB148,796,000 and all related interests.

* For illustrative purposes only

42. LITIGATIONS AND CONTINGENT LIABILITIES *(continued)*

(e) *(continued)*

According to such civil judgment, the Company shall repay the "Plaintiffs (i) the outstanding consideration in the amount of RMB139,166,715 (together with related interests), (ii) the overdue interests, (iii) the Plaintiffs' legal fee in the amount of RMB500,000, and (iv) the Plaintiffs' property preservation liability insurance premium in the amount of RMB119,000. In the event that the Company fails to fulfil its repayment obligations set out above, the Plaintiffs are entitled to enter into an agreement with Shanghai Kaiyi, where the Plaintiffs may be compensated through the value conversion of the 80% equity interest in Shanghai Runtong Industrial and Investment Co., Limited* (上海潤通實業投資有限公司) pledged by Shanghai Kaiyi in favour of the Pledgee under an equity pledge agreement entered into between Shanghai Kaiyi, the Pledgee and the Company dated 21 March 2018 (the "**Shanghai Runtong Shares**"), or be compensated on a preferential basis through auction or sale of the Shanghai Runtong Shares.

The Group made an appeal application on the said civil judgment which was accepted by the Shanghai Higher People's Court* (上海市高級人民法院) ("**Shanghai Higher Court**") on 16 September 2019.

As at 31 December 2019, the outstanding payable of the principal payment and the relevant interest accrued of approximately RMB141,997,000 (2018: RMB78,113,000) in aggregate.

On 19 January 2020, the Shanghai Higher Court issued a civil mediation order, pursuant to which the Company shall repay the Plaintiffs on or before 14 February 2020 (i) the consideration of RMB129,166,715; (ii) the overdue interests on the consideration of RMB129,166,715 at the rate of 8% per annum accrued from 10 October 2018 up to the date of repayment; (iii) the Plaintiffs' legal fee of RMB500,000; and (iv) the Plaintiffs' property preservation liability insurance premium of RMB119,000. In the event that the Company fail to fulfil its repayment obligations set out under the civil mediation order, the Plaintiffs are entitled to enter into an agreement with Shanghai Kaiyi, where the Plaintiffs may be compensated through the value conversion of the Shanghai Runtong Shares pledged by Shanghai Kaiyi in favour of the Pledgee, or be compensated on a preferential basis through auction or sale of the Shanghai Runtong Shares. Details of the Zhiying Legal Proceedings are set out in the Company's announcement dated 11 July 2019 and 22 January 2020.

(f) On 2 November 2018 and 8 November 2018, PD Bank issued and filed a statement of claim (collectively, the "**Second PD Statements of Claim**"), both of which against the Company, under Hongkou Court for a breach of agreements for the breach of agreements for the opening bank acceptance bills business due to default in repayment of the principal and interest and the payables (the "**Second PD Financing**") (collectively, the "**Second PD Legal Proceedings**") in an aggregate amount of approximately RMB79,587,365.94 and all related penalty interests. Anhui Huaxing, Shenzhen Dasheng and Mr. Lan Huasheng, are the guarantors to the Second PD Financing and were also named as defendants in the Second PD Statements of Claim.

On 15 January 2019, the Company received three civil judgement by Hongkou Court in relation to the Second PD Legal Proceedings (collectively, the "**Second PD Civil Judgements**"). According to the PD Civil Judgements, Shanghai Agro-chemical shall (i) repay PD Bank approximately RMB76,851,000 (including the principal amounts and related interests) before 31 January 2019; and (ii) Shanghai Agro-chemical shall pay PD Bank the overdue interests/advance interests during the period from the settlement due date to the actual settlement date.

As at 31 December 2019, the outstanding payable of the principal payment and the relevant interest accrued of approximately RMB83,240,000 (2018: RMB78,677,000) in aggregate.

* For illustrative purposes only

42. LITIGATIONS AND CONTINGENT LIABILITIES *(continued)*

(g) On 8 April 2018, in order to ensure the safety of trust properties, the plaintiff Guangdong Yuecai Trust Co., Limited* (廣東粵財信託有限公司) (the "**Plaintiff**") had sent a letter to the defendant Ever Fortune Commercial Factoring Co., Ltd.* (瑞盈信融(深圳)商業保理有限公司) ("**Ever Fortune Commercial Factoring**") , regarding Ever Fortune Commercial Factoring failing to early repurchase the assets and income rights as agreed in the relevant contract, and the original transfer prices of approximately RMB148,000,000, approximately RMB50,000,000 and all the relevant interests have not yet been paid to the Plaintiff.

In such statement of claim, Shenzhen Dasheng Agriculture Group Co., Ltd.* (深圳市大生農業集團有限公司) ("**Shenzhen Dasheng**"), Dasheng (Fujian) Agricultural Ltd.* (大生(福建)農業有限公司) ("**Dasheng Fujian**") as well as Mr. Lan Huasheng, the executive director of the Company (the "**Guarantors**") (as guarantor to provide joint liability guarantee according to the repurchase obligations under the contract for transfer and repurchase of the factoring assets and income rights (保理資產收益權轉讓與回購合同)) were also named as defendants. According to such civil judgments, (i) Ever Fortune Commercial Factoring shall pay the Plaintiff the factoring asset repurchase payments of approximately RMB148,000,000, approximately RMB50,000,000 as well as default fines within 10 days from the date when the civil judgments take legal effect; (ii) Ever Fortune Commercial Factoring and the Guarantors shall undertake joint guarantee liability for the amounts within the limits of approximately RMB198,000,000 and approximately RMB62,271,000, and Ever Fortune Commercial Factoring is entitled to recover the relevant repayment expenses from these subsidiaries upon performing the guarantee liability.

As at 31 December 2019, the outstanding payable of the principal payment and the relevant interests accrued of approximately RMB260,271,000 in aggregate.

(h) On 11 February 2019, the People's Court of Pudong New Area of Shanghai initiated proceedings regarding Ever Fortune Commercial Factoring failing to repurchase Mr. Xi Libin (the "**Plaintiff**") assigned accounts receivables. The case had a public hearing on 27 August 2019, regarding Ever Fortune Commercial Factoring shall repurchase the Plaintiff assigned accounts receivables at a repurchase price of approximately RMB42,500,000 along with the overdue interests of approximately RMB18,256,000 upon the expiry of transfer period. Shenzhen Dasheng (the "**Gurarantor**"), was also named as defendant to assume joint liability guarantee. According to such civil judgments, (i) Ever Fortune Commercial Factoring shall pay the Plaintiff the repurchase price of approximately RMB42,500,000 within 10 days from the date when this judgment takes effect; (ii) Ever Fortune Commercial Factoring shall pay the Plaintiff the interests of approximately RMB903,000 within 10 days from the date when this judgment takes effect; (iii) Ever Fortune Commercial Factoring shall pay the Plaintiff penalty interests within 10 days from the date when this judgment takes effect; (iiii) Shenzhen Dasheng assumed joint settlement obligations for the above No. (i) & (iii) obligations of Ever Fortune Commercial Factoring, and Shenzhen Dasheng is entitled to recover expenses from Ever Fortune Commercial Factoring upon performing the above settlement obligations.

As at 31 December 2019, the payable of the principal payment and the relevant interests accrued of approximately RMB60,756,000 in aggregate.

43. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	2018
	RMB'000
Not later than one year	2,782
Later than one year and not later than five years	1,453
	4,235

The leases typically run for an initial period of 1 to 2 years without extension option. None of these leases includes contingent rentals.

44. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group also monitors the current and expected liquidity requirements regularly to ensure that sufficient working capital and adequate committed lines of funding are maintained to meet its liquidity requirements. Upon the discovery of any default, the Group would negotiate immediately with the relevant lenders for proper arrangement in order to maintain sufficient working capital. Upon the expectation of any cash insufficiency, the Company would seek new source of funding so as to maintain sufficient working capital. The capital structure of the Group consists of net debts (which include amounts due to related companies, lease liabilities and borrowings), net of restricted bank deposits and bank balances and cash and (deficit) equity attributable to owners of the Company, comprising issued share capital and reserves. Details of which are disclosed in respective notes.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the Directors, the Group will balance its overall capital structure through new share issues as well as issue of new debt or redemption of the existing debts.

45. FINANCIAL INSTRUMENTS

(a) Categories of Financial Instruments

	2019 RMB'000	2018 RMB'000
Financial assets		
Equity instruments at FVTOCI	**10,140**	10,776
Loan and receivables (including cash and cash equivalents)	**1,365,741**	1,579,975
	1,375,881	1,502,751
Financial liabilities		
Amortised cost	**3,511,489**	3,773,357

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, trade and other receivables, restricted bank deposits, bank balances and cash, trade and other payables, lease liabilities and borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) 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.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate finance lease and commercial factoring loan receivables, fixed-rate borrowings and lease liabilities as set out in Note 30, Note 35 and Note 36 respectively. The Group is also exposed to cash flow interest rate risk in relation to variable-rate restricted bank deposits, variable-rate bank balances and variable rate borrowings as detailed in Note 31, Note 32 and Note 35 respectively. The Group currently does not have an interest rate hedging policy. However, the manager monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

45. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

(ii) Interest rate risk *(continued)*

Total interest revenue/income from financial assets that are measured at amortised cost is as follows:

	2019 **RMB'000**	2018 RMB'000
Financial assets at amortised cost	**13,049**	57,929

Interest expense on financial liabilities not measured at fair value through profit or loss:

	2019 **RMB'000**	2018 RMB'000
Financial liabilities at amortised cost	**342,254**	151,249

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point (2018: 100 basis points) increase or decrease in variable-rate borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates on variable-rate borrowings had been 100 basis points (2018: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2019 would increase/decrease by RMB12,544,500 (2018: increase/decrease by RMB12,352,000).

(iii) Other price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTOCI. Price risk was monitored by the management of the Group who will consider hedging the risk exposure should the need arise.

45. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

(iii) Other price risk *(continued)*

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. Sensitivity analyses for unquoted equity securities with fair value measurement categorised within Level 3 were disclosed in Note 45(c).

If the prices of the respective equity instruments with fair value measurement categorised within Level 1 had been 10% (2018: 10%) higher/lower, FVTOCI reserve for the year ended 31 December 2019 would decrease/increase by RMB189,000 (2018: decrease/increase by RMB193,000) as a result of the changes in fair value of equity investments at FVTOCI.

(iv) Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, finance lease receivables, factoring loan receivables, restricted bank balances and bank balances.

The carrying amounts of financial assets at amortised cost stated in Note 45 represented the Group's maximum exposure to credit risk in relation to financial assets which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties.

The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

Trade receivables

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in PRC, which accounted for 98% (2018: 98%) of the total trade receivables as at 31 December 2019. In order to minimize the credit risk, the management of the Group are responsible for determination of credit limits and credit approvals.

In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. Impairment of RMB4,195,000 (2018: RMB1,242,000) is recognised during the year. Details of the quantitative disclosures are set out below in this note.

45. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

(iv) Credit risk and impairment assessment *(continued)*

Restricted bank deposits/bank balances

Credit risk on restricted bank deposits/bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for restricted bank deposits/bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on restricted bank deposits/bank balances is considered to be insignificant.

Other receivables

For other receivables and deposits, the Directors make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Directors believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 December 2019 and 2018, the Group have assessed and concluded that the risk of default rate for the other instruments are steadily based on the Group assessment of the financial health of the counterparties.

45. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

(iv) Credit risk and impairment assessment *(continued)*

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

45. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

(iv) Credit risk and impairment assessment *(continued)*

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Note	External credit rating	Internal credit rating	12m or lifetime ECL	2019 Gross carrying amount		2018 Gross carrying amount	
					RMB'000	**RMB'000**	RMB'000	RMB'000
Trade receivables – contracts with customers	30	N/A	*(Note 1)*	Lifetime ECL (Provision matrix)	**171,020**		193,192	
			Loss *(Note 2)*	Lifetime ECL – credit-impaired	**820,890**	**991,910**	819,174	1,012,366
Restricted bank deposits	31	Baa2-A1	N/A	12-month ECL		**151,277**		211,351
Bank balances	32	Baa2-A1	N/A	12-month ECL		**65,222**		58,124
Other receivables	30	N/A	*(Note 3)*	Lifetime ECL– not credit-impaired	**50,729**		153,829	
			Loss	Lifetime ECL – credit-impaired	**1,982,806**	**2,033,535**	2,149,374	2,303,203
Finance lease receivables	30	N/A	*(Note 1)*	Lifetime ECL (provision matrix)	**118,541**		143,859	
			Loss	Lifetime ECL – credit-impaired	**38,030**	**156,571**	38,516	182,375
Factoring loan receivables	30	N/A	Loss	Lifetime ECL – credit-impaired		**2,688,903**		2,688,903

45. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

(iv) Credit risk and impairment assessment *(continued)*

Note 1:

For trade receivables and finance leasing services, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the excepted credit losses on these items by using a provision matrix, grouped by past due status.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its businesses of agricultural and petrochemical products supply chain services, financial leasing services, agricultural big-data services and agrochemical products supply chain services. Their customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables and finance lease receivables which are assessed based on provision matrix within lifetime ECL (not credit-impaired). Trade receivable and finance lease receivables of RMB820,890,000 and RMB38,030,000 was credit-impaired as at 31 December 2019 (2018: RMB819,174,000 and RMB38,516,000) and have been assessed individually.

	2019		2018	
Gross carrying amount	**Estimated loss rate**	**Trade receivables RMB'000**	Estimated loss rate	Trade receivables RMB'000
Agricultural and petrochemical products supply chain services				
Current	**2.38%**	**304**	0.56%	4,354
Over 91-270 days past due	**7.88%**	**110**	5.02%	2,210
Over 270 days past due	**16.99%**	**38,404**	16.60%	33,216
Agrochemical products supply chains services				
Current	**0.70%**	**97,181**	0.37%	108,902
Over 1-180 days past due	**2.31%**	**27,119**	1.61%	35,949
Over 180 days past due	**16.99%**	**882**	16.60%	1,066
Agricultural big-data services				
Current	**1.05%**	**–**	0.68%	19
1-180 days past due	**2.34%**	**–**	2.62%	142
180-540 days past due	**5.58%**	**–**	4.66%	7,334
Over 540 days past due	**16.99%**	**7,020**	–	–
		171,020		193,192

45. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

(iv) Credit risk and impairment assessment *(continued)*

Note 1: (continued)

Gross carrying amount	2019 Estimated loss rate	2019 Finance lease receivables RMB'000	2018 Estimated loss rate	2018 Finance lease receivables RMB'000
Finance leasing services				
Current to 90 days past due	**3.21%**	**–**	1.60%	3,332
Over 91-270 days past due	**4.09%**	**–**	5.34%	25,914
Over 270 days past due	**16.99%**	**118,541**	16.60%	114,613
		118,541		143,859

The estimated loss rates are estimated based on industry credit benchmarking studies on the industry-wide probability of default term structure over the expected life with forward looking adjustment that is available without undue cost or effort and empirical study on loss given default rate.

During the year ended 31 December 2019, the Group provided approximately RMB4,195,000 and RMB9,771,000 (2018: RMB1,242,000 and RMB8,383,000) impairment allowance for trade receivables and finances lease receivables respectively, based on the provision matrix. Impairment allowance of approximately RMB4,616,000 and RMB21,009,000 (2018: RMB19,327,000 and RMB8,677,000) were made an debtors with significant balances and credit-impaired debtors of trade receivables and finance lease receivables respectively.

45. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

(iv) Credit risk and impairment assessment *(continued)*

Note 1: (continued)

(a) The following tables show reconciliation of loss allowances that has been recognised for trade receivables:

	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
As at 1 January 2018	57,340	640,879	698,219
Changes due to financial instruments recognised as at 1 January:			
– Impairment losses recognised	282	19,327	19,609
– Impairment loss reversed	(35,756)	(54,408)	(90,164)
Reclassified as assets held for sale	(15,872)	(69,211)	(85,083)
Financial assets originated or acquired during the year	1,160	–	1,160
As at 31 December 2018	7,154	536,587	543,741
Changes due to financial instruments recognised as at 1 January:			
– Impairment losses recognised	4,195	4,616	8,811
– Impairment loss reversed	(1,881)	(211)	(2,092)
– Written-off	(275)	–	(275)
As at 31 December 2019	**9,193**	**540,992**	**550,185**

Change in loss allowance for trade receivables are mainly due to:

	2019 Increase/(decrease) in lifetime ECL	
	Not credit-impaired RMB'000	**Credit-impaired RMB'000**
Further impairment made for not credit-impaired and credit-impaired receivables	**4,195**	**4,616**
Settlement received from debtors	**(1,881)**	**(211)**
Written-off	**(275)**	–

45. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

(iv) Credit risk and impairment assessment *(continued)*

Note 1: (continued)

(a) *(continued)*

Change in loss allowance for trade receivables are mainly due to: *(continued)*

	2018 Increase/(decrease) in lifetime ECL	
	Not credit-impaired RMB'000	Credit-impaired RMB'000
Further impairment made for not credit-impaired and credit-impaired receivables	282	19,327
Settlement received from debtors	(35,756)	(54,408)
Financial assets originated or acquired during the year	1,160	–
Assets reclassified to held for sale	(15,872)	(69,211)

(b) The following tables show reconciliation of loss allowances that has been recognised for finance lease receivables:

	Lifetime ECL (not credit impaired) RMB'000	**Lifetime ECL (credit impaired)** RMB'000	**Total** RMB'000
As at 1 January 2018	12,082	53,038	65,120
Changes due to financial instruments recognised as at 1 January:			
– Impairment losses recognised	6,945	8,677	15,622
– Impairment loss reversed	–	(29,746)	(29,746)
Financial assets originated or acquired during the year	1,438	–	1,438
As at 31 December 2018	20,465	31,969	52,434
Changes due to financial instruments recognised as at 1 January:			
– Transfer to credit-impaired	(4,752)	4,752	–
– Impairment losses recognised	9,771	21,009	30,780
– Impairment loss reversed	(5,341)	(26,149)	(31,490)
As at 31 December 2019	**20,143**	**31,581**	**51,724**

45. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

(iv) Credit risk and impairment assessment *(continued)*

Note 1: (continued)

(b) *(continued)*

Change in loss allowance for finance lease receivables are mainly due to:

	2019	
	Increase/(decrease) in lifetime ECL	
	Not credit-impaired	**Credit-impaired**
	RMB'000	**RMB'000**
Receivable defaulted and transfer to credit-impaired	**(4,752)**	**4,752**
Further impairment made for not credit-impaired and credit-impaired receivables	**9,771**	**21,009**
Settlement received from debtors	**(5,341)**	**(26,149)**

	2018	
	Increase/(decrease) in lifetime ECL	
	Not credit-impaired	Credit-impaired
	RMB'000	RMB'000
Further impairment made for not credit-impaired and credit-impaired receivables	6,945	8,677
Settlement received from debtors	–	(29,746)

45. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

(iv) Credit risk and impairment assessment *(continued)*

Note 1: (continued)

(c) The following tables show reconciliation of loss allowances that has been recognised for factoring loan receivables:

	Lifetime ECL (not credit impaired) RMB'000	**Lifetime ECL (credit impaired)** RMB'000	**Total** RMB'000
As at 1 January 2018	–	2,165,530	2,165,530
Changes due to financial instruments recognised as at 1 January:			
– Transfer to credit-impaired	(1,039,858)	1,039,858	–
– Impairment loss reversed	–	(783,915)	(783,915)
Financial assets originated or acquired during the year	1,039,858	–	1,039,858
As at 31 December 2018	–	2,421,473	2,421,473
Changes due to financial instruments recognised as at 1 January:			
– Impairment loss reversed	–	(1,460)	(1,460)
As at 31 December 2019	**–**	**2,420,013**	**2,420,013**

Change in loss allowance for finance lease receivables are mainly due to:

	2019	
	Increase/(decrease) in lifetime ECL	
	Not credit-impaired	**Credit-impaired**
	RMB'000	**RMB'000**
Settlement from debtors	–	**(1,460)**

	2018	
	Increase/(decrease) in lifetime ECL	
	Not credit-impaired	Credit-impaired
	RMB'000	RMB'000
Receivables defaulted and transfer to credit-impaired	(1,039,858)	1,039,858
Settlement from debtors	–	(783,915)

45. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

(iv) Credit risk and impairment assessment *(continued)*

Note 2:

Those trade receivables are related to debtors 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. The Group is still under negotiation with those trade debtors about the settlement arrangement, and will consider will take legal action against those trade debtors if necessary.

Note 3:

For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

	Past due	**Not past due/ No fixed repayment term**	**Total**
Other receivables	–	2,033,535	2,033,535

45. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

(iv) Credit risk and impairment assessment *(continued)*

Note 3: (continued)

The following tables show reconciliation of loss allowances that has been recognised for other receivables

	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
As at 1 January 2018	7,930	–	7,930
Changes due to financial instruments recognised as at 1 January:			
– Impairment losses recognised	5,805	–	5,805
– Impairment loss reversed	(3,036)	–	(3,036)
Receivables defaulted and transfer to credit-impaired	(1,838,364)	1,838,364	–
Reclassified as assets held for sale	(3,541)	–	(3,541)
Financial assets originated or acquired during the year	1,848,393	–	1,848,393
As at 31 December 2018	17,187	1,838,364	1,855,551
Changes due to financial instruments recognised as at 1 January:			
– Impairment losses recognised	534	17,885	18,419
– Impairment loss reversed	(5,856)	(114,693)	(120,549)
– Disposal of a subsidiary	(4,374)	(20,758)	(25,132)
As at 31 December 2019	**7,491**	**1,720,798**	**1,728,289**

Change in loss allowance for other receivables are mainly due to:

	2019 Increase/(decrease) in lifetime ECL	
	Not credit-impaired RMB'000	Credit-impaired RMB'000
Further impairment made for credit-impaired receivables	**534**	**17,885**
Settlement received from debtors	**(5,856)**	**(114,693)**
Disposal of a subsidiary	**(4,374)**	**(20,758)**

45. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

(iv) Credit risk and impairment assessment *(continued)*

Note 3: (continued)

Change in loss allowance for other receivables are mainly due to: *(continued)*

	2018	
	Increase/(decrease) in lifetime ECL	
	Not credit-impaired	Credit-Impaired
	RMB'000	RMB'000
Further impairment made for credit-impaired receivables	5,805	–
Settlement received from debtors	(3,036)	–
Financial assets originated or acquired during the year	(1,838,364)	1,838,364

(v) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2019, the Group has available unutilised bank loan facilities of approximately RMB134,754,884 (2018: RMB140,338,423).

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

45. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

(v) Liquidity risk *(continued)*

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Group	**Interest rate**	**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 undiscounted cash flow RMB'000**	**Carrying amount RMB'000**
At 31 December 2019							
Borrowings:							
– Fixed rate borrowings	**5.70%-18.00%**	**1,199,861**	**–**	**–**	**–**	**1,199,861**	**1,091,990**
– Variable rate borrowings	**4.35%-5.22%**	**1,104,218**	**150,233**	**–**	**–**	**1,254,451**	**1,159,857**
Lease liabilities	**4.75%-13.9%**	**945**	**–**	**–**	**–**	**945**	**945**
Trade and other payables	**–**	**1,253,747**	**4,950**	**–**	**–**	**1,258,697**	**1,258,697**
		3,558,771	**155,183**	**–**	**–**	**3,713,954**	**3,511,489**

Group	Interest rate	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 undiscounted cash flow RMB'000	Carrying amount RMB'000
At 31 December 2018							
Borrowings:							
– Fixed rate borrowings	6.8%-18%	1,426,400	–	–	–	1,426,400	1,338,465
– Variable rate borrowings	4.35%-4.75%	820,984	310,729	149,939	–	1,281,652	1,235,227
Trade and other payables	–	1,258,597	6,346	–	–	1,264,943	1,264,943
		3,505,981	317,075	149,939	–	3,972,995	3,838,635

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rate differ to those estimates of interest rates determined at the end of the reporting period

45. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The Board is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the management would establish the appropriate valuation techniques and inputs to the valuation model.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

	Fair value hierarchy as at 31 December 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Equity instruments at FVTOCI	**1,890**	**–**	**8,250**	**10,140**

	Fair value hierarchy as at 31 December 2018			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Equity instruments at FVTOCI	1,930	–	8,846	10,776

45. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value measurements of financial instruments *(continued)*

Fair value of the Group's financial assets that are measured at fair value on a recurring basis *(continued)*

Financial assets	Fair value at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	31 December 2019	31 December 2018			
Listed equity securities at FVTOCI	**Approximately RMB1,890,000**	Approximately RMB1,930,000	Level 1	Quoted closing prices in an active market	N/A
Unlisted equity investment at FVTOCI	**Approximately RMB8,250,000**	Approximately RMB8,846,000	Level 3	Net asset value *(Note)*	N/A

There were no transfers between level of fair value hierarchy during the year ended 31 December 2019.

Note: The entity has determined that the reported net asset value represents fair value at the end of the reporting period.

Reconciliation of Level 3 fair value measurements of financial instruments on recurring basis:

	Assets unlisted equity instruments at FVTOCI RMB'000
At 1 January 2018	15,800
Reclassified as assets held for sale	(5,000)
Disposal	(800)
Fair value changes	(1,154)
At 31 December 2018	8,846
Fair value changes	(596)
At 31 December 2019	**8,250**

Included in other comprehensive income is an amount of approximately RMB596,000 (2018: RMB1,154,000) fair value loss relating to the unlisted equity securities classified as equity instruments at FVTOCI held at the end of the current reporting period and is reported as changes of "FVTOCI reserve".

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

46. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

	Lease liabilities RMB'000	**Borrowings** RMB'000	**Total** RMB'000
At 1 January 2018	–	2,923,199	2,923,199
Changes from cash flows:			
Proceeds from borrowings	–	2,334,214	2,334,214
Repayment of borrowings	–	(1,873,252)	(1,873,252)
Acquisition of a subsidiary	–	268,700	268,700
Liabilities associated with assets classified as held for sale	–	(824,008)	(824,008)
Non-cash changes:			
Loan waived by a shareholder of the Company	–	(255,161)	(255,161)
At 31 December 2018	–	2,573,692	2,573,692
Adjustment upon application of HKFRS 16	1,683	–	1,683
As at 1 January 2019 (restated)	1,683	2,573,692	2,575,375
Changes from cash flows:			
Proceeds from borrowings	–	65,240	65,240
Repayment of borrowings	–	(387,085)	(387,085)
New lease entered	3,819	–	3,819
Repayment	(4,557)	–	(4,557)
At 31 December 2019	**945**	**2,251,847**	**2,252,792**

47. RELATED PARTY TRANSACTIONS

(a) During the year, saved as disclosed in elsewhere of the consolidation financial statements, the Group entered into the following material transactions with related parties:

	2019 **RMB'000**	2018 RMB'000
Construction services provided to:		
Nanjing Dasheng Modern Agriculture Holding Co., Ltd.		
a related company	–	3,755
Finance lease services to:		
Nanjing Dasheng Modern Agriculture Holdings Co., Ltd.,		
a related company *(note 1)*	–	905
Trading services to:		
Nanjing Dasheng Modern Agriculture Holdings Co., Ltd.,		
a related company *(note 3)*	**902**	–
Acquisition of subsidiaries from:		
Anhui Dasheng Niannianfu Bio-technology Company Limited,		
a fellow subsidiary *(note 2)*	–	5,577

Notes:

1. 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, and Mr. Lu Tingfu, who is the supervisor of the Company.

2. The amount represents the consideration of the acquisition of subsidiaries from a fellow subsidiary, which is a wholly owned subsidiary of the Company's holding company, Shenzhen Dasheng.

3. The amounts represent alcohol wholesale income receivable from two related companies, the beneficial owners of which are Mr. Lan Huasheng, who is an executive Director, and Mr. Lu Tingfu, who was a supervisor and is currently a non-executive Director

(b) Key management compensation

Remuneration for key management personnel of the Group includes amounts paid to the Directors, supervisors and two (2018: two) senior management personnel of the Company. The remuneration of the Directors, supervisors and two senior management personnel are disclosed in Notes 15 and 16.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name	Place of incorporation and type of legal entity	Principal activities and place of operation	Issued share capital/ registered capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Company			
				Directly		Indirectly		Directly		Indirectly	
				2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
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%**	91.3%	**–**	–	**91.3%**	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%**	91.3%	**–**	–	**91.3%**	91.3%
香港大生農業控股有限公司 Hong Kong Dasheng Agriculture Holding Company Limited ("**HK Dasheng Agriculture**") *(Note (b))*	Hong Kong, limited liability company	Investment holding in Hong Kong	HK$365,000,000 of 365,000,000 ordinary shares	**–**	100%	**–**	–	**–**	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%**	100%	**–**	–	**100%**	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%**	100%	**–**	–	**100%**	100%	**–**	–
上海大生農產品有限公司 Shanghai Dasheng Agricultural Products Co., Ltd.	PRC, limited liability company	Agricultural product trading in the PRC	RMB350,000,000	**100%**	100%	**–**	–	**100%**	100%	**–**	–
香港大生實業發展有限公司 Hong Kong Dasheng Industrial Development Co., Ltd. ("**HK Dasheng Industrial**") *(Note (c))*	Hong Kong, limited liability company	Petrochemical trading in Hong Kong	HK$100,000,000 of 100,000,000 ordinary shares	**100%**	–	**–**	100%	**100%**	–	**–**	100%

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below. *(continued)*

Name	Place of incorporation and type of legal entity	Principal activities and place of operation	Issued share capital/ registered capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Company			
				Directly		Indirectly		Directly		Indirectly	
				2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
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%**	100%	**–**	–	**100%**	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	**–**	–	**64%**	86.5%	**–**	–	**64%**	86.5%
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	**–**	–	**64%**	86.5%	**–**	–	**64%**	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	**–**	–	**48%**	89.9%	**–**	–	**48%**	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	**–**	–	**48%**	89.9%	**–**	–	**48%**	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%**	100%	**–**	–	**100%**	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%**	80%	**–**	–	**80%**	80%

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below. *(continued)*

Name	Place of incorporation and type of legal entity	Principal activities and place of operation	Issued share capital/ registered capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Company			
				Directly		Indirectly		Directly		Indirectly	
				2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
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**") *(Note (d))*	PRC, limited liability company	Investment holding service in the PRC	RMB407,126,000	–	51.0%	–	–	–	51.0%	–	–
南京大生冷鏈物流股份有限公司 Nanjing Dasheng Leng Lian Logistic Holding Company Limited ("**Leng Lian**") *(Note (d))*	PRC, limited liability company	Cold chain and logistics service in the PRC	RMB405,000,000	–	–	–	51.0%	–	–	–	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**") *(Note (d))*	PRC, limited liability company	Trading service in the PRC	USD20,140,000	–	–	–	99.7%	–	–	–	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**") *(Note (d))*	PRC, limited liability company	Cold chain and logistics service in the PRC	RMB50,000,000	–	–	–	45.9%	–	–	–	45.9%
南京生澤信息科技有限公司 Nan Jing Sheng Ze Information Technology Company Limited ("**Sheng Ze**") *(Note (d))*	PRC, limited liability company	Agricultural big-data service in the PRC	RMB20,000,000	–	–	–	65.2%	–	–	–	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%	–	–	–	70%

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below. *(continued)*

Name	Place of incorporation and type of legal entity	Principal activities and place of operation	Issued share capital/ registered capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Company			
				Directly		Indirectly		Directly		Indirectly	
				2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
安徽華星化工有限公司 Anhui Huaxing Chemical Industry Company Limited	PRC, limited liability company	Agricultural products supply chain service in the PRC	RMB180,000,000	**100%**	100%	**–**	–	**100%**	100%	**–**	–
安徽中成農業科技有限公司 Anhui Zhongcheng Agriculture Technology Company Limited	PRC, limited liability company	Agricultural technology development service in the PRC	RMB100,000,000	**–**	–	**100%**	100%	**–**	–	**100%**	100%
安徽博洋潤滑科技有限公司 Anhui Boyang Lubrication Technology Company Limited ("**Anhui Boyang**") (前稱安徽華普酯材料科技有限公司) *(Note (e))*	PRC, limited liability company	Research and development of other synthetic materials	RMB60,000,000	**–**	–	**29%**	51%	**–**	–	**29%**	51%
深圳市大生農業發展股權投資基金管理有限公司 Shenzhen Dasheng Agricultural Development Equity Investment Fund Management Company Limited	PRC, limited liability company	Investment management service in the PRC	RMB20,000,000	**–**	–	**100%**	100%	**–**	–	**100%**	100%
南通九州建設工程試驗檢測有限公司 Nantong Jiuzhou Construction Engineering Testing Company Limited	PRC, limited liability company	Material inspection On-site inspection in the PRC	RMB500,000	**–**	–	**91.3%**	91.3%	**–**	–	**91.3%**	91.3%
蕪湖恒遠建設工程有限公司 Wuhu Hengyuan Construction Engineering Company Limited	PRC, limited liability company	Construction of roads and bridges in the PRC	RMB1,000,000	**–**	–	**91.3%**	91.3%	**–**	–	**91.3%**	91.3%

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below. *(continued)*

Name	Place of incorporation and type of legal entity	Principal activities and place of operation	Issued share capital/ registered capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Company			
				Directly		Indirectly		Directly		Indirectly	
				2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
香港蘇通投資有限公司 Hong Kong Su Tong Investment Company Limited	Hong Kong, limited liability company	Agricultural trading in Hong Kong	HK$300,000,000 of 300,000,000 ordinary shares	**–**	–	**91.3%**	91.3%	**–**	–	**91.3%**	91.3%
連雲港格博商貿有限公司 Lianyungang Gebo Trading Company Limited	PRC, limited liability company	Building materials trading in PRC	RMB21,000,000	**–**	–	**91.3%**	91.3%	**–**	–	**91.3%**	91.3%
南通格勝建設有限公司 Nantong Gesheng Construction Company Limited	PRC, limited liability company	Construction engineering and sales of building materials trading in the PRC	RMB100,080,000	**–**	–	**91.3%**	91.3%	**–**	–	**91.3%**	91.3%
上海大生農產品投資控股有限公司 Shanghai Dasheng Agricultural Products Investment Holding Company Limited	PRC, limited liability company	Industrial investment and sale of agricultural products services in the PRC	RMB200,000,000	**100%**	100%	**–**	–	**100%**	100%	**–**	–
上海大生酒業有限公司 Shanghai Dasheng Wine Company Limited	PRC, limited liability company	Sale of agricultural products trading in the PRC	RMB1,000,000	**70%**	70%	**–**	–	**70%**	70%	**–**	–

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below. *(continued)*

None of the subsidiaries of the Company has issued any debt securities at the end of the years.

Notes:

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

(b) HK Dasheng Agriculture was disposed of during the year ended 31 December 2019. Details are disclosed in Note 41.

(c) HK Dasheng Industrial became a directly wholly owned subsidiary during the year 31 December 2019.

(d) Bao Ze and its subsidiaries were disposed of during the year ended 31 December 2019. Details are disclosed in Note 41.

(e) As of 31 December 2019, Anhui Huapu ester material technology Co., Ltd. was renamed as Anhui Boyang Lubrication Technology Co., Ltd. and was recognised as an associated company because its shareholding ratio changed from 51% to 29%.

Details of non-wholly owned subsidiaries that have material non-controlling interests

Name	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2019	2018	**2019 RMB'000**	2018 RMB'000	**2019 RMB'000**	2018 RMB'000
Nantong Road and Bridge and its subsidiaries	**8.7%**	8.7%	**(55,689)**	2,604	**48,102**	105,096
Ever Fortune and its subsidiaries	**36%**	13.5%	**(29,903)**	(38,693)	**(626,786)**	(149,214)
Shanghai Runtong	**20%**	20%	**9,545**	(44,481)	**18,593**	9,399
Bao Ze and its subsidiaries	**–**	49%	**–**	(103,145)	**–**	123,584
Individually immaterial subsidiaries with non-controlling interest					**(455)**	8,304
					(560,546)	97,169

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

Nantong Road and Bridge, a 91.3% (2018: 91.3%) owned subsidiary of the Company, and its subsidiaries have material non-controlling interests ("**NCI**"). Summarised financial information in relation to the NCI of Nantong Road and Bridge and its subsidiaries, before intra-group eliminations, is presented below:

	2019 **RMB'000**	2018 RMB'000
For the year ended 31 December		
Revenue	**2,387,295**	2,007,963
(Loss) profit and total comprehensive (expense) income for the year	**(640,108)**	29,934
Effects arising from initial application of HKFRS 9	**–**	41,701
(Loss) profit and total comprehensive (expense) income attributable to NCI of Nantong Road and Bridge	**(55,689)**	2,604
Dividends paid to NCI of Nantong Road and Bridge	**(15,000)**	–
Cash flows generated from operating activities	**74,743**	36,834
Cash flows used in investing activities	**(140,010)**	(100,513)
Cash flows (used in) generated from financing activities	**(83,325)**	138,975
Net cash (outflow) inflow	**(148,592)**	75,297
At 31 December		
Current assets	**1,161,131**	2,027,153
Non-current assets	**2,147,672**	1,639,216
Current liabilities	**(2,722,155)**	(2,205,490)
Non-current liabilities	**(33,756)**	(252,879)
Net assets	**552,892**	1,208,000
Accumulated NCI of Nantong Road and Bridge	**48,102**	105,096

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

Ever Fortune, a 64% (2018: 86.5%) owned subsidiary of the Company, and its subsidiaries have material NCI. Summarised financial information in relation to the NCI of Ever Fortune and its subsidiaries, before intra-group eliminations, is presented below:

	2019 **RMB'000**	2018 RMB'000
For the year ended 31 December		
Revenue	**12,111**	69,258
Loss and total comprehensive expense for the year	**(84,043)**	(286,618)
Effects arising from initial application of HKFRS 9	**–**	(941,722)
Loss attributable to NCI of Ever Fortune	**(29,903)**	(38,693)
Dividends paid to NCI of Ever Fortune	**–**	–
Cash flows used in operating activities	**27,397**	1,123,263
Cash flows used in investing activities	**287,782**	24,579
Cash flows generated from financing activities	**(315,399)**	(1,156,373)
Net cash inflow	**(220)**	(8,531)
At 31 December		
Current assets	**225,717**	471,418
Non-current assets	**68,826**	90,568
Current liabilities	**(2,008,193)**	(1,653,912)
Non-current liabilities	**–**	(258,044)
Net assets	**(1,713,596)**	(1,349,970)
Accumulated NCI of Ever Fortune	**(626,786)**	(149,214)

During the year, the Group disposed of 22.5% of its interest in Ever Fortune through the disposal of HK Dasheng Agriculture, reducing its continuing interest to from 86.5% to 64.0%. An amount of RMB447,699,000 (being the proportionate share of the carrying amount of the net assets of Ever Fortune) has been transferred to non-controlling interests.

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

Shanghai Runtong, a 80% (2018: 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:

	2019 RMB'000	2018 RMB'000
For the year ended 31 December		
Revenue	**14,971**	14,780
Profit (loss) and total comprehensive income (expense) for the year	**47,723**	(222,406)
Effects arising from initial application of HKFRS 9	**–**	27,778
Profit (loss) attributable to NCI of Shanghai Runtong	**9,545**	(44,481)
Dividends paid to NCI of Shanghai Runtong	**–**	–
Cash flows used in operating activities	**(56,234)**	(10,129)
Cash flows used in investing activities	**(2,011)**	(17,930)
Cash flows generated from financing activities	**56,019**	29,362
Net cash (outflow) inflow	**(2,226)**	1,303
At 31 December		
Current assets	**199,619**	276,386
Non-current assets	**17,320**	26,755
Current liabilities	**(123,970)**	(199,696)
Non-current liabilities	**(2)**	(56,450)
Net assets	**92,967**	46,995
Accumulated NCI of Shanghai Runtong	**18,593**	9,399

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

Bao Ze, a 51% owned subsidiary of the Company, and its subsidiaries have material NCI.

Summarised financial information in relation to the NCI of Bao Ze and its subsidiaries, before intra-group eliminations, is presented below:

	2018 RMB'000
For the year ended 31 December	
Revenue	69,865
Loss for the year	(210,501)
Effects arising from initial application of HKFRS 9	585
Loss attributable to NCI of Bao Ze	(103,145)
Dividends paid to NCI of Bao Ze	–
Cash flows generated from operating activities	68,279
Cash flows used in investing activities	(135,835)
Cash flows generated from financing activities	63,712
Net cash outflow	(3,844)
At 31 December	
Current assets	222,682
Non-current assets	493,374
Current liabilities	(364,236)
Non-current liabilities	(99,610)
Net assets	252,210
Accumulated NCI of Bao Ze	123,584

49. EVENTS AFTER THE REPORTING PERIOD

(a) On 15 January 2020, the Jiujiang Bank issued and filed a statement of claim against Ever Fortune, an indirect non-wholly owned subsidiary of the Company, under the People's Court of Nansha District, Guangzhou* (廣州市南沙區人民法院) for breach of a factoring agreement due to default in repayment of the principal and related interests by Ever Fortune. The Jiujiang Bank requested the court, among other things, to order Ever Fortune to repay a principal amount of RMB3,711,000 and related interests. Shenzhen Dasheng Finance Holding Co., Ltd.* (深圳市大生金融控股有限公司), a direct wholly-owned subsidiary of the Company and the controlling shareholder of Ever Fortune, is one of the guarantors to such factoring agreement and was also named as one of the defendants. The court hearing of the proceedings was scheduled to be held on 24 March 2020. Details of the above proceedings are set out in the Company's announcement dated 18 March 2020;

(b) On 24 February 2020, the Company received an execution ruling dated 19 January 2020 from the Shanghai Second Court in relation to the successful auction of the Nantong Shares (the "**Auction Execution Ruling**") with an auction result of RMB456,320,000. According to the Auction Execution Ruling, the successful bidder is eligible to initiate the transfer of the Company's interest in the Nantong Shares on the date of receipt of the Auction Execution Ruling. The disposal of Nantong Shares was completed on 19 January 2020, and after such disposal, Nantong Road and Bridge was no longer a subsidiary of the Company. Details are disclosed in Note 12(a); and

(c) The outbreak of novel coronavirus ("**COVID-19**") continues to spread throughout the PRC and to countries across the world. The COVID-19 has certain impact on the business operations of the Group in particular the supply chain from the PRC, and the degree of the impact depends on the situation of the epidemic preventive measures and the duration of the epidemic. The Group will monitor the developments of COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group. Up to the date of this report, the assessment is still in progress. Other than those disclosed above, the Group had no material events for disclosure subsequent to 31 December 2019 and up to the date of this report.

* For illustrative purposes only

50. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**530**	3,852
Right-of-use assets	**320**	–
Investment in subsidiaries	**481,482**	1,068,805
Investment in associates	**5,008**	8,856
	487,340	1,081,513
CURRENT ASSETS		
Trade and other receivables	**510,506**	908,461
Restricted bank deposits	**358**	–
Cash and cash equivalents	**1,768**	1,654
	512,632	910,115
CURRENT LIABILITIES		
Trade and other payables	**636,396**	967,554
Contract liabilities	**60,455**	27,815
Financial guarantee contract	**349,428**	527,766
Borrowings	**800,732**	852,622
Tax liabilities	**8,050**	8,050
	1,855,061	2,383,807
NET CURRENT LIABILITIES	**(1,342,429)**	(1,473,692)
NET LIABILITIES	**(855,089)**	(392,179)
CAPITAL AND RESERVES		
Share capital	**955,108**	955,108
Reserves	**(1,810,197)**	(1,347,287)
CAPITAL DEFICIENCY	**(855,089)**	(392,179)

The Company's statement of financial position was approved and authorised for issue by the Board on 7 May 2020 and are signed on its behalf by:

Lan Huasheng
Director

Wang Liguo
Director

50. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(continued)*

Movement in the Company's reserves

	Capital reserve RMB'000	Statutory reserve fund RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2018	1,765,179	79,504	(2,185,785)	(341,102)
Loss for the year	–	–	(1,389,965)	(1,389,965)
Subscription of shares	396,358	–	–	396,358
Transaction cost of subscription of shares	(12,578)	–	–	(12,578)
At 31 December 2018	2,148,959	79,504	(3,575,750)	(1,347,287)
Loss for the year	–	–	(462,910)	(462,910)
At 31 December 2019	**2,148,959**	**79,504**	**(4,038,660)**	**(1,810,197)**

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