國農控股有限公司
National Agricultural Holdings Limited

2015 ANNUAL REPORT

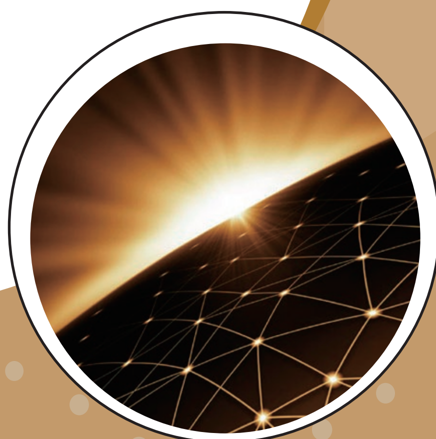
二零一五年度年報

National Agricultural Holdings Limited

於開曼群島註冊成立之有限公司
(Incorporated in the Cayman Islands with limited liability)

(Stock Code 股份代號:1236)





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EXECUTIVE DIRECTORS

Chen Li-Jun (Chairman)
Ren Hai
Peng Guojiang
Wen Yuanyi
Liu Yong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chiu Kam Hing Kathy
Ting Tit Cheung
Fan William Chung Yue

COMPANY SECRETARY

Ip Pui Sum

AUTHORISED REPRESENTATIVES

Ip Pui Sum
Wen Yuanyi

PRINCIPAL BANKERS

China Construction Bank (Asia)
The Hongkong and Shanghai Banking Corporation Limited
Shanghai Commercial Bank Limited

AUDITOR

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

AUDIT COMMITTEE

Chiu Kam Hing Kathy (Chairman)
Ting Tit Cheung
Fan William Chung Yue

REMUNERATION COMMITTEE

Chiu Kam Hing Kathy (Chairman)
Ting Tit Cheung
Fan William Chung Yue
Wen Yuanyi

NOMINATION COMMITTEE

Chen Li-Jun (Chairman)
Chiu Kam Hing Kathy
Ting Tit Cheung
Fan William Chung Yue

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712–1716
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CORPORATE INFORMATION

REGISTERED OFFICE

P.O. Box 309
Ugland House
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Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

26/F, World Plaza, No. 855 Pudong South Road,
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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 1604–5, Prudential Tower
Harbour City
21 Canton Road
Tsimshatsui Kowloon Hong Kong

STOCK CODE

1236

WEBSITE

www.natagri.com.hk

FINANCIAL SUMMARY

A summary of the audited results of National Agricultural Holdings Limited (the "Company" or "National Agricultural Holdings") and its subsidiaries (collectively the "Group") for the year ended 31 December 2015 together with the comparative figures for the corresponding year in 2014 and of the assets and liabilities of the Group as at 31 December 2015 and 2014 is set out as follows:

GROUP RESULT

	2015 RMB'000	2014 RMB'000
Turnover	**159,876**	116,767
Loss for the year	**(630,208)**	(26,747)
Loss per share-Basic and diluted (RMB cents)	**(33.82)**	(2.47)

GROUP ASSETS AND LIABILITIES

	2015 RMB'000	2014 RMB'000
Total Non-current assets	**2,152,072**	385,284
Total current assets	**523,896**	396,019
Total current liabilities	**203,750**	111,334
Net current assets	**320,146**	284,685
Total assets less current liabilities	**2,472,218**	669,969
Total non-current liabilities	**98,436**	66,855
NET ASSETS	**2,373,782**	603,114
TOTAL EQUITY	**2,373,782**	603,114

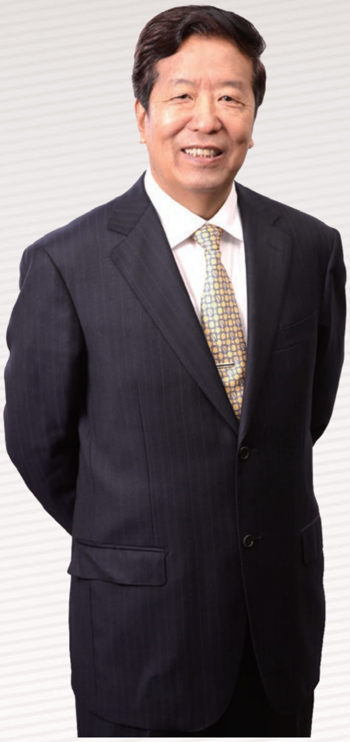
GROUP PROFILE

Agriculture is the most fundamental element that underpins the integrity of any country. The Company is a rural market-based company that integrates financial services, agricultural product trading, information, industry and science research. The direction of development for its principal business is rural finance, agricultural product trading, urbanization planning, operating and managing and high-tech information technology, etc. These directives are fully implemented to accommodate China's strategic goal of vigorously developing large-scale agriculture and a new model of urbanization.

Hebei Supply and Marketing Cooperative made an equity investment in the Company through its subsidiary, Parko (Hong Kong) Ltd. ("Parko") in November 2013. Hebei Supply and Marketing Cooperative, is one of the largest integrated agricultural economic and trade service providers in China. Its business covers conventional agricultural means of production, cotton and salt industries as well as new areas of development including development of county town commercial complexes, e-commerce and the rural financial industry, providing comprehensive and integrated agriculture, economic and trade services.

The Company aims to develop the rural economy, improve the living standard of farmers, rural education and culture levels as well as minimize extreme income inequality in city towns by means of rural finance, agricultural product trading, urbanization planning, operating and managing and development of the high-tech IT industry. Being the only overseas-listed capital platform, the Company will leverage the two newly established financial platforms (the cash settlement platform established in collaboration with Guangzhou UnionPay Network and the agri-related exchange platform established together with Guangzhou Exchange Group) to work in tandem with cooperatives in its reform plans, to integrate and upgrade the industry chain of agri-related transactions step by step, and to conduct mergers and acquisitions of high quality enterprises which are primarily engaged in agri-related businesses. Riding on the sound system of integrated supply, marketing of cooperatives and the resource integration of its logistics networks, the Group enjoys a unique competitive edge in attracting strong enterprises for the forging of cooperation, which will undoubtedly bring forth synergy for all parties involved.

CHAIRMAN'S STATEMENT



Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results for National Agricultural Holdings Limited for the year ended 31 December 2015.

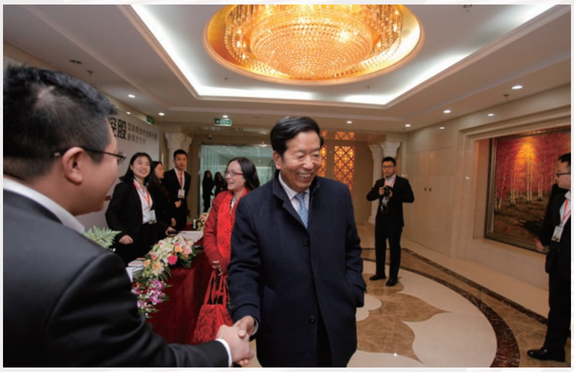
The year 2015 was an exceptional year for the Group. We continued to plant the seeds for the future development of the Group's three principal businesses such as "Rural Financial Services", "Trading in Agricultural Means of Production" and "Urbanization". Leveraging the government policies that support agriculture sector and benefit farmers, the Group successfully captured opportunities arising in the areas of "agriculture, rural areas and farmers" to nourish its growth. Meanwhile, the Group has taken initiatives to enhance its agricultural industry chain by means of co-operation with leading enterprises in the market as it aspires to become a leading enterprise in the rural finance sector and e-commerce industry serving "agriculture, rural areas and farmers" and guiding the rural finance reform in China to step forward.

In early 2016, the central government released Document No. 1 "Several Opinions on the Goals Towards Acting on the New Concepts, Speeding Up Modernization of Agricultural Industry and Promoting Middle Class (關於落實發展新理念加快農業現代化實現全面小康目標的若干意見)", which continued to focus on"agriculture, rural areas and farmers" for the 13th consecutive years, illustrating the importance that the government accords. Apart from emphasizing the importance of the integration of urban and rural development for addressing the "agriculture, rural areas and farmers" in the "Comprehensive Implementation Plans on Deepening Rural Reform (深化農村改革綜合性實施方案)" issued by the State Council in this year as well as the proposal of important initiatives for agriculture and rural work in new era in the "Recommendations for the Development of Economy and Society under the Thirteenth Five Year Plan from the Central Government (中共中央關於制定國民經濟和社會發展第十三個五年規劃的建議)" passed by the Fifth Plenary Session of the Eighteenth CPC Central Committee, China once again encouraged the investment of financial resources that emphasize the development of the "agriculture, rural areas and farmers" sector. The implications for agricultural enterprises are obvious.

CHAIRMAN'S STATEMENT

The document emphasized the importance of new development concepts in solving new challenges of "agriculture, rural areas and farmers" and the promotion of structural supply-side reform of the agricultural sector, which brought significance to solve the new and old problems of "agriculture, rural areas and farmers", speed up the modernization of agricultural industry and promote billions of farmers into middle class. Last year, the Group implemented its strategic plans for the rural finance business in a steady manner. During the reporting period, the Group entered into a business cooperation agreement with Dalian Renewable Energy Exchange Company Limited under the China Co-Op Group for cash sweep in the platform of Agripay System and the Group has been entrusted for discretionary management and operation of funds of the exchange. This not only reflected that the Agripay System was strongly supported by the companies within the system while further enhancing the corporate fund management and reducing the cost of idle funds, but the layout of the internet finance industry chain of the Group will also be further strengthened. The Group also entered into a cash management business cooperation agreement with the Agricultural Bank of China Limited for the launch of Agripay 2.0 so as to further optimize the payment and settlement capabilities of the Agripay System while prospering the long-term development of the Group's fund management services.

Apart from the "Rural Financial Services", with the favourable government policies in place, the Group also seized market opportunities in the financial reform of agriculture in respect of the "Trading in Agricultural Means of Production" and achieved better results. At the beginning of the year, the Company launched the first batch of chemical fertilizers in the agricultural trading platform and further strengthened the platform through a series of deployment. The Group intends to acquire the Shanghai Trans-National Procurement Center and its related property, and plans to develop the center into an exhibition, trading and big data collection center for the Group, so as to improve the agricultural trading business of the Group. This implies the agricultural trading platform will expand into the developed coastal cities in China while the international agricultural trading business will be developed leveraging the natural advantage of Shanghai as a foreign trading port.



CHAIRMAN'S STATEMENT

Working in concert with the ideas of promoting rural finance and internet business in the "Comprehensive Implementation Plans on Deepening Rural Reform (深化農村改革綜合性實施方案)", the Group proactively commenced the establishment of agricultural e-commerce platform. Its China Agricultural Trading Platform aimed at establishing a modern agricultural trading and information integration platform for "Internet+Agriculture", upgrading the traditional offline sales model of the original agricultural means of production into online electronic trading and achieving the integration of O2O. During the period, the Group completed the system upgrading of its two major financial platforms serving the "agriculture, rural areas and farmers" sector, namely the Agripay 2.0, a cash settlement system, and the China Agricultural Trading Platform 2.0, so as to broaden the user base and expand its business nationwide.

It is worth mentioning that, the Study on the Development Prospects of China Agricultural Trading Platform of China Co-Op Group & National Agricultural Holdings published by the International Cooperation Center of the National Development and Reform Commission pointed out that the China Agricultural Trading Platform was the most promising agricultural comprehensive trading platform with international pricing power in China, reflecting that the government is optimistic about the prospects of the China Agricultural Trading Platform.

As the only listing platform under the supply and marketing system in China, the Group will, leveraging the advantages in resources and talents in the supply and marketing system, carry out mergers and acquisitions towards the "agriculture, rural areas and farmers" business inside or outside the system while conforming to the reform of the federation. Supported by a series of national policies such as One Belt One Road and RMB internationalization, it is expected to achieve breakthrough in the internationalization of the China Agricultural Trading Platform.

Looking forward, China will continue to support the development of rural finance, and the transaction volume of agricultural means of production and agricultural products is set to see significant growth. The target of doubling the GDP and per capita income of both urban and rural residents by 2020 as compared to 2010 is achieved by progress. By virtue of the support of its resources network and talent advantages with the strength of the supply and marketing cooperatives system and the Group's scientific innovative business model, we are confident that the Group will continue to maximize returns for its shareholders in the "new normal" conditions of China's economy.

Finally, on behalf of the Company, I would like to express my heartfelt thanks to our shareholders, customers and business partners who have trusted and supported us all along. My sincere appreciation also goes to our staff for their concerted efforts on the job.

Mr. Chen Li-Jun
Chairman of the Board

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chen Lijun, aged 60, has been an executive Director and Chairman since 2013. He joined Hebei Agricultural Means of Production Company Limited ("Hebei AMP"), a subsidiary of Hebei Supply and Marketing Cooperative ("Hebei SMC"), in 1989 and is the general manager of Hebei AMP and a director of Parko. Under Mr. Chen's leadership, Hebei AMP has developed into one of the top enterprises in industry which Hebei AMP operated. Its operation scale and economic efficiency are ranking the first in its industry. Its sales network is throughout the province. Its convenient circulation channels and good operation services win industry and consumers' compliments. He has accumulated over 20 years of experience in the management of enterprises engaged in agricultural means of production, and has been involved in reforms in the distribution of agricultural means of production in China's transition from a planned economy to a market economy. He has also participated in the liaison with the relevant government authorities in the planning of the supply of chemical fertilizers in Hebei province, and made positive contribution in ensuring supply of agricultural materials and stabilizing the market operation. Mr. Chen is a director of Ever Harvest Inc. Limited ("Ever Harvest") and its subsidiary, Hebei Baihao Trading Company Limited (河北百豪商貿有限公司) ("Hebei Baihao").

Mr. Ren Hai, aged 52, has been an executive Director since 2013. He graduated from Jilin Agriculture University (吉林農業大學) in 1986 and earned a postgraduate degree in historical philology at Sichuan University (四川大學) in 1999. Mr. Ren joined Hebei AMP in 1986, and served as deputy general manager of Hebei AMP. With over 20 years of experience in sales and management, Mr. Ren participated in Hebei AMP's establishment and management of a sales network in Hebei Province and have a good reputation in supply and marketing cooperative and agricultural means of production industry.

Mr. Peng Guojiang, aged 51, has been an executive Director since 2013. He obtained an undergraduate degree in politics from Hebei Normal University (河北師範大學) and joined Hebei AMP in 1987 and is the deputy general manager of Hebei AMP. Mr. Peng has over 10 years of experience in sales and marketing and has helped Hebei AMP build sales networks in Hebei province. Mr. Peng is a director of Ever Harvest and Hebei Baihao.

Ms. Wen Yuanyi, aged 33, has been an executive Director since 2013. She is the deputy director of the Investment Department of Precursor Management, Inc. ("PMI"). PMI is a private equity fund providing capital to growing companies in various industries in China. Ms. Wen obtained undergraduate degrees in English and Economics from Guangdong University of Foreign Studies (廣東外語外貿大學) in 2006.

Mr. Liu Yong, aged 42, has been an executive Director since 2014, is currently the chairman of Coopinvest Company Limited* (中合聯投資有限公司) ("Coopinvest") and China Coop Mengda Financial Leasing Company Limited* (中合盟達融資租賃有限公司) ("China Coop Mengda"). Mr. Liu obtained a bachelor's degree in Information Management (資訊管理系) from Shanxi College of Finance and Economics (山西財經學院) (now known as Shanxi University of Finance and Economics (山西財經大學)) in 1996 and subsequently master of business administration (企業管理專業) from Beijing Institute of Technology (北京理工大學) in 2005. Prior to joining Coopinvest, Mr. Liu was acting as the director of assets of the finance department of All China Federation of Supply and Marketing Cooperatives (中華全國供銷合作總社) ("All China Federation"). He then joined Coopinvest as the chairman in September 2010 and subsequently acted as the chairman of China Coop Mengda since its establishment in August 2012. Mr. Liu's main role in the Group will be overseeing the business of China Coop Mengda which is currently an indirect non-wholly owned subsidiary of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chiu Kam Hing, Kathy, aged 66, joined the Group in 1999. Ms. Chiu has over 29 years of banking experience in Canada and the Asia Pacific region. She was Senior Vice President at the Republic National Bank of New York, responsible for management and investment of third party client's funds. She is an associate and a fellow of the Institute of Canadian Bankers. Ms. Chiu was appointed as a Justice of the Peace by the Hong Kong Government in 1992 and as Cavaliere by the Italian Government in 1999. She was named Monblanc Outstanding Business Lady of the year 2002 in Hong Kong. Ms. Chiu is currently Chairman of Prime Investments Group Limited. She is currently an independent non-executive director of Sau San Tong Holdings Limited (stock code: 8200), the shares of which are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Ms. Chiu is licensed to carry out asset management business under Type 9 regulated activity under the Securities and Futures Ordinance (the"SFO").

Mr. Ting Tit Cheung, aged 60, has been an independent non-executive Director of the Company since 2013. He is the chief representative for Hong Kong Region at Banque Cantonale de Genève. He is a member of the Chinese People's Political Consultative Conference representing the Putou District of Shanghai. From 1998 to 2012, Mr. Ting served as chief representative for the Hong Kong Region and South China Region, Credit Industriel et Commercial, the second largest banking network in France. A graduate of Technicum Neuchatelois in Switzerland in 1978, Mr. Ting subsequently earned an MBA at the University of East Asia, Macau, in 1991. Mr. Ting was awarded the Medal of Honour by the Hong Kong Government in 2012. He is currently an independent non-executive director of KTL International Holdings Group Limited (stock code: 442), the shares of which are listed on the Main Board of the Stock Exchange.

Mr. Fan, William Chung Yue, aged 75, has been an independent non-executive director of the Company since January 2015. Mr. Fan has been a solicitor in Hong Kong since 1974 with over 40 years of experience. He was the founder of and has been a practising solicitor at Fan & Fan, Solicitors since 1982 before his retirement as a practising solicitor in April 2013. He obtained a bachelor's degree in arts from the Northwestern University, Evanston, Illinois, USA in 1964 and a bachelor's degree in laws from the University of Edinburgh, U.K. in 1967. Mr. Fan was an independent non-executive director of Artini China Co. Ltd. (stock code: 789) during the period from 23 April 2008 to 8 May 2012, the shares of which are listed on the Main Board of the Stock Exchange. Mr. Fan is currently a non-executive director of Chinney Investments, Limited (stock code: 216) and Alltronics Holdings Limited (stock code: 833), shares of which are listed on the Main Board of the Stock Exchange.

SENIOR MANAGEMENT

Mr. Liao Chao-Ping, aged 72, joined the Group in October 2004 and is responsible for the Group's relationship development of potential business opportunities. Mr. Liao was the former Chairman of the Group and resigned as an executive Director in November 2013. He is a director of Union Construction Company Limited (a company incorporated in Taiwan).

Mr. Yang Ching Shou, aged 57, is the president of Shanghai Qianlong Advanced Technology Company Limited. Mr. Yang was the former Chief Executive Officer of the Group and resigned as an executive Director in November 2013. Before joining the Group since 1999, Mr. Yang held senior management positions in various computer software companies in Taiwan. Mr. Yang holds a Bachelor degree of Management from National Chiao Tung University, Taiwan.

COMPANY SECRETARY

Mr. Ip Pui Sum, aged 56, is the company secretary of the Group (the "Company Secretary"). He joined the Group on 1 December 2011. Mr. Ip is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants, the Society of Chinese Accountants & Auditors, the Chartered Institute of Management Accountants, the Institute of Chartered Secretaries and Administrators and an ordinary member of Hong Kong Institute of Chartered Secretaries. Mr. Ip has over 20 years of experience in accounting and company secretarial practices and is also a certified public accountant (practising) in Hong Kong.

BUSINESS REVIEW

Macro-economy and the Group's Strategic Direction

With China entering a "new normal" phase, its economy remained stable with smooth growth, a more optimized structure, deepened reform and opening, improved living standards and overall stable society in 2015, achieving year-on-year GDP growth of 6.9%. During the year, China continued to support the development of "agriculture, rural areas and farmers". The central government issued Document No.1, in which it reinforced its focus on the "agriculture, rural areas and farmers" sector for the 13th consecutive year, emphasizing more efforts in benefiting the farmers, deepening various reforms in rural areas and promoting the modernization of agriculture as well as the launch of a series of favorable policies to speed up the development of the e-commerce of supply and marketing cooperatives.

During the year under review, riding on the Chinese government's policies, the Group's business roadmap plan in developing the internet finance industry chain was becoming clearer. The Group's two major platforms serving the "agriculture, rural areas and farmers" sector, namely the Agripay and the China Agriculture Commercial Exchange, achieved sound progress, facilitating the steady growth of the Group's three major businesses, namely "Rural Financial Services", "Trading in Agricultural Means of Production" and "Urbanization Planning, Operating and Managing".

Rural Financial Services

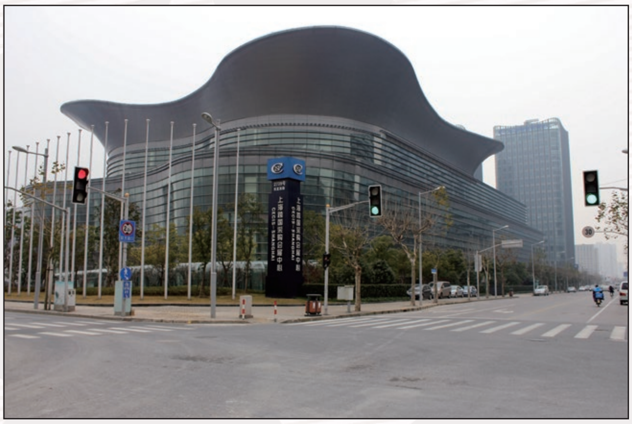
In May 2015, the Group entered into a business cooperation agreement with Dalian Renewable Energy Exchange Company Limited under the China Co-Op Group, pursuant to which the funds of the Group was moved to the Agripay system and the Group will be in charge of the management, operation and settlement of the funds for operation and trading on the trading platform of the Dalian Renewable Energy Exchange. The business cooperation would further strengthen the layout of the internet finance industry chain of the Group and reflect that the Agripay system was favoured by the domestic large enterprises.

In addition, the Group entered into a cooperation agreement in relation to cash management business with the Agricultural Bank of China Limited in November 2015, pursuant to which, the Agricultural Bank of China would provide cash management related financial products and services to satisfy the capital and settlement needs of the Agripay system, a cash settlement system, of the Group. This again was cooperation with a high-quality third party after the Company cooperated with Dalian Renewable Energy Exchange and Innovationpay, so as to further enhance the development of the Agripay system. Such cooperation would help solidifying the layout of the internet finance industry chain of the Company, and the Company, as a leading enterprise with the only overseas-listed capital platform within the supply and marketing cooperative system, committed to serve the "agriculture, rural areas and farmers" industry for strengthening the rural financial services segment of the Company while leveraging the reform of the supply and marketing cooperatives.

During the period, the Group completed the system upgrading of its Agripay system, a cash settlement platform. The Agripay 2.0 system had its capital management function further optimized and may allocate funds to the system users according to the utilization and repayment status of funds of the users. This function would further facilitate the trading between buyers and sellers in the China Agricultural Trading Platform. The system upgrading would further broaden the user base and expand the business across the country.

Trading in Agricultural Means of Production

In order to implement the strategy for the complete industry chain in agricultural means of production, the Group entered into a cooperation framework agreement with Guangzhou Exchange Group in 2014, to cooperate in the development and operation of a trading platform for agricultural products. During the year under review, in January 2015, the Group announced the signing of a strategic cooperation agreement with the Beijing branch of PICC Property and Casualty Company Limited to launch a variety of insurance products and other value-added services for the agricultural-related industry, such as property insurance for agricultural means of products storage insurance, agricultural machinery property insurance, property insurance, corporate and personal loan guarantee insurance, credit insurance, rural housing insurance, accident insurance and agricultural insurance through the agricultural trading platform. The launch of these services would help transform the platform into an e-commerce platform for bulk commodities incorporating the functions of trading, financing, insurance, storage logistics and settlement for agricultural products.



On 28 January 2015, the China Agricultural Trading Platform officially commenced operation. The first batch of products, chemical fertilizers, was launched for trading, with trading volume of than RMB200 million in the first day, representing that the strategic deployment of the Company in the segment of trading in agricultural means of production entered into the stage of entity operation. As more and more agricultural companies participated in and traded through the trading platform, the Company planned to gradually expand the platform into the whole country and the Southeast Asian market. During the period, the Group completed the upgrading of the 2.0 system of the China Agricultural Trading Platform. It is worth mentioning that, the report published by the International Cooperation Center of the National Development and Reform Commission pointed out that the China Agricultural Trading Platform was the most promising agricultural trading platform with international pricing power, reflecting that the business model of the Company is well recognized with huge potential.

In addition, the Group planned to acquire Shanghai Trans-National Procurement-Center and its related property at a consideration of RMB2,685 million in January 2016. Shanghai Trans-National Procurement Center is the designated international merchandising trading platform under the policy of "One Belt One Road". Leveraging the various advantages of Shanghai Trans-National Procurement Center, the Company expects the center can provide an ideal venue for achieving the comprehensive functions of the agricultural trading platform of the Group and seeks to develop the center into the exhibition center, trading center and big data collection center for the agricultural trading platform for processing, categorizing and using the transaction information of various industry peers, including important information such as transaction records and behavior, so as to improve the agricultural trading business of the Group as well as strengthen the layout of the internet finance industry chain of the Group. The acquisition and settling down of the agricultural trading platform in Shanghai by the Company sets off the expansion of the agricultural trading platform of the Company into the developed coastal cities in China while the international agricultural trading business will be developed leveraging the natural advantage of Shanghai as a foreign trading port.

Urbanization Planning, Operating and Managing

The progress made in domestic industrialization, informatization, urbanization and agricultural modernization has continued to hasten the development of rural land property rights transfer, which is a key to the development of "agriculture, rural areas and farmers". In light of such circumstances, the Group entered into a cooperation framework agreement with Guangdong Agricultural Means of Production Company Corporation (廣東省農業生產資料總公司) in May 2015, pursuant to which the Company made capital contribution to Guangdong New Co-Op Skyrise Investment Co., Ltd. (廣東新供銷天成投資有限公司) and acquired 45% of the enlarged equity interests in the Guangdong New Co-Op. On the one hand, such acquisition facilitated the deepening reform of the companies under the Guangdong Supply and Marketing Cooperative (廣東省供銷合作聯社) so as to further optimize the shareholding structure, promote the innovation on management and system, improve expansion and development capabilities and enhance economic efficiency. On the other hand, such acquisition reflected the business layout of the Company expanded from northern China to southern China and actively expanded across the country. The participation of Guangdong New Co-Op further optimized the layout in "internet finance industry chain" and consolidated and optimized the quality assets within the national supply and marketing system, bringing better synergy to various parties.

The Group will continue to work in line with such national policies, and together with its partners, proactively explore business opportunities in respect of rural land property rights.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

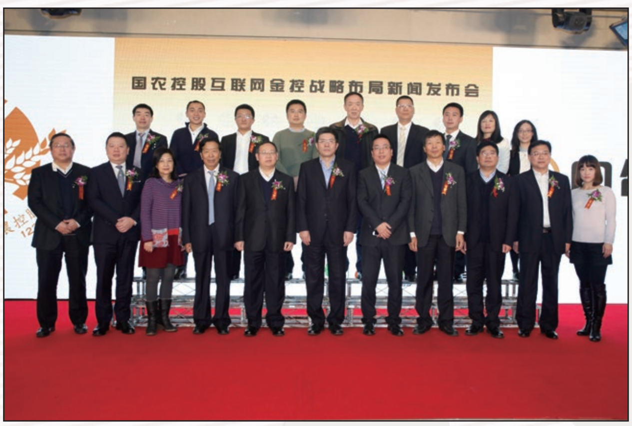
The Document No. 1 of the central government has focused on the "agriculture, rural areas and farmers" sector for the 13th consecutive years, whilst the "Decisions on Deepening Comprehensive Reform of the Supply and Marketing Cooperatives" (關於深化供銷合作社綜合改革的決定) promulgated by the State Council on 2 April 2015 proposes guidance opinions on the participation of supply and marketing cooperatives in rural financial development. It is expected that the potential in the rural financial industry will be intensely explored in the coming few years, and this will provide valuable development opportunity for supply and marketing cooperatives. As the only overseas-listed capital platform in the system of demand and supply cooperatives, the Group will utilize its advantages in its own capital, platform and channels, undertake its responsibilities in expanding trading channels in agro-products, thus ensuring the quality and efficiency of trading in agro-products and enhancing the allocation system of funds of trading in agro-products, and keep on improving the scale and efficiency of the Group during the in-depth cultivation of the industry chain, supply chain and capital chain for "agriculture, rural areas and farmers".

As for rural financial services, the Group will continue to strengthen the function of Agripay (農匯通) capital management system in the future, especially the function of online capital allocation, so as to utilize the Group's unique advantage in capital consolidation by matching up the low-cost capital with the huge financing demand from rural areas and open up the capital barrier of the supply chain of trading in agricultural means of production. At the same time, in respect of finance leasing, the Group will utilize China Coop Mengda's resources advantages in the specialized field of "agriculture, rural areas and farmers" and further expand the financing channels of rural production companies and farmers production equipment. In addition, with respect to the overall layout of rural financial services, the Group will improve its depth and profitability of its participation in rural financial services by various measures, such as development of mutual cooperation of rural capital, commencement of mutual insurance, establishment of mergers funds of "agriculture, rural areas and farmers" industry and investment in banks targeting at "agriculture, rural areas and farmers" clients.

With regard to trading in agricultural means of production, the China Agricultural Trading Platform will enrich the varieties for online trading and attract more traders through in-depth cooperation with supply and demand cooperatives and rural capital in different provinces in the future. Meanwhile, the value-added services such as finance and logistics will be constantly enhanced so as to develop the China Agricultural Trading Platform into a commodity e-trading platform with integrated functions of trading, financing, insurance, warehousing, logistics and settlement for trading in agro-products. At the same time, with support from a series of national policy such as One Belt One Road and RMB internationalization, the China Agricultural Trading Platform will adhere to the direction of internationalization. Through cooperation with Guangzhou Commodity Exchange and Dalian Renewable Energy Exchange, acquisition of the Shanghai Trans-National Procurement Center and cooperation with well-established foreign exchanges and trading markets, the China Agricultural Trading Platform will actually become a distinctive cross-border e-commerce platform for the export and import of agro-products.

FINANCIAL REVIEW

For the year ended 31 December 2015, the Group recorded a revenue of RMB159,876,000, representing an increase of 37% compared to last year. Gross profit increased by 32% to RMB116,339,000. Loss attributable to equity holders was RMB607,921,000, compared to a loss of RMB32,759,000 for last year. The loss was mainly attributable to the loss on initial recognition of warrants (RMB424,850,000) and impairment loss of financial lease receivables (RMB71,011,000), loan receivables (RMB54,952,000) and amount due from a related party (RMB40,000,000). Both basic and diluted loss per share were RMB33.82 cents, compared to RMB2.47 cents for last year.



PERFORMANCE OF THE GROUP'S RURAL FINANCIAL SERVICES

Entering 2015, China continued to issue a series of policies that are favorable for rural financial services. The No. 1 Central Document at the beginning of the year indicated that promoting rural financial system reform was conducive to facilitating financial resources favoring the "agriculture, rural areas and farmers". The Notice Concerning the Accomplishment of Rural Financial Services in 2015 (《關於做好2015年農村金融服務工作的通知》), which was issued in March 2015, required the strengthening of regulation over rural financial institutions to provide support for the economic development of rural areas. The Group had always been putting in great efforts in promoting rural financial services, the business setting of which had been further improved and became matured in 2015.

In respect of capital management, the Group's "Agripay" system further enhanced its comprehensive functions in 2015. On the basis of the original version 1.0, the Company launched version 2.0 in cooperation with the Agricultural Bank of China. The latest upgraded version 2.0 effectively extended the "Agripay" capital management service target from personal customers limited in the original version 1.0 to all corporate customers. It also greatly enhanced the intensive capital use functions for all "Agripay" accounts through the cash management system which the Agricultural Bank of China specially developed for the Group, thus providing a solid guarantee in future sustained profitability for the "Agripay" capital management system. At the same time, the upgraded "Agripay" capital management system also received the attention of Dalian Renewable Energy Exchange Company Limited (大連再生資源交易所有限公司), which entered into a joint venture agreement with the Group in June 2015. One of the most important cooperations in the agreement is that Dalian Renewable Energy Exchange will adopt the "Agripay" system to fully manage the capital operation and settlement of its trading platform.

With regard to financial leasing, the "Notice regarding Guiding Opinions on Accelerating the Development of Financial Leasing Industry" (Guobanfa (2015) No. 68) (《關於加快融資租賃業發展的指導意見》(國辦發(2015)68號)) issued by the General Office of the State Council in 2015 further defined the development path of the financial leasing industry in terms of industry role, development direction, enterprise building, supporting policies and industry self-regulation for accelerating the comprehensive development of the industry. As China's highest-level guideline addressing the financial leasing industry, the Guiding Opinions set out the blueprint for the development of the industry at the height of history and time and from a top-level perspective. It reflected China's strategic thinking and forward deployment to include the financial leasing industry into its holistic economic and social development, indicating the country's attitude towards and commitment in encouraging and supporting the development of financial leasing, which had important practical meaning and far-reaching historical significance. The "Decisions on Deepening Comprehensive Reform of the Supply and Marketing Cooperatives" (《關於深化供銷合作社綜合改革的決定》) promulgated by the State Council clearly encouraged qualified supply and marketing cooperatives to set up financial leasing companies to steadily carry out agricultural financial services. Along with the implementation of a series of related supporting policies, and taking the reform measures in promoting free trade zones as an opportunity, China's financial leasing industry entered a critical stage of international development and usher in a golden period of development. To ride on the national policies, China Coop Mengda set foot on the China mainland market in 2015, focusing on agriculture, environmental protection, urban construction, health care, energy, chemical and manufacturing equipment. China Coop Mengda also carried out in-depth research and analysis in the relevant market segments to gradually strengthen investment particularly in agriculture-related enterprises in the supply and marketing cooperative system. In 2015, the People's Bank of China cut the benchmark interest rate five times, leading to a fall of 125 basis points in the one-year to five-year RMB benchmark lending rate. As a result, the general leasing and financial leasing business projects of China Coop Mengda slightly decreased. For the year ended 31 December 2015, income for the year was RMB10,179,000, which was included in the Group's consolidated financial statements.

PERFORMANCE OF THE GROUP'S TRADING IN AGRO-PRODUCTS AND CONSOLIDATION OF AGRO-INDUSTRY

In 2015, the Group's trading in agro-products and consolidation sector made milestone progress. In January 2015, the China Agricultural Trading Platform (中國農業交易平台), a cooperation between the Group and Guangzhou Commodity Exchange Limited (廣州商品交易所有限公司), a subsidiary of Guangzhou Exchange Group Co., Ltd. (廣州交易所集團有限公司), in the development, construction, operation and management of a comprehensive nationwide trading platform for agro-products, was officially launched. Since its operation, over 400 members had traded online. Blessed by the steady operation of the platform, it was upgraded to version 2.0 in October. The new version provided funding to both trading parties in respect of each transaction on the platform. This function will greatly increase the number of online trading customers of the platform. Therefore, the "Study on the Development Prospect of China Agricultural Trading Platform of China Co-op Group & National Agricultural Holdings" (《中國供銷集團國農控股－中國農業交易平台發展前景研究》) issued by the International Cooperation Center of the NDRC pointed out that the platform was the most promising platform in China to become a comprehensive agricultural trading platform that had international pricing power. In May 2015, the Group entered into a joint venture agreement with Dalian Renewable Energy Exchange, a subsidiary of Dalian Renewable Energy Exchange Company Limited (大連再生資源交易所有限公司). In addition to cooperation in capital management, it was expected that the existing platform of Dalian Renewable Energy Exchange may be used to further expand the trading volume of agricultural by-products and agricultural means of production. Furthermore, in the fourth quarter of 2015, the Group launched the takeover of the Shanghai International Merchandising Center project set under the national "One Belt One Road" policy. It is expected that the project, by virtue of its advantages, was to provide an ideal place to further enrich the comprehensive functions of the Group's agricultural trading platform. The aim was to build up the project as the exhibition center, trade center and big data collection center for the Group's agricultural trading platform in order to further promote the substantive progress of the Group's trading of agro-products.

In respect of agricultural consolidation, the Group entered into a strategic cooperation agreement with the Beijing branch of PICC Property and Casualty Company Limited (中國人民財產保險股份有限公司北京市分公司) ("PICC P&C") in January 2015 with the aim to develop various insurance products and other value-adding services through the China Agricultural Trading Platform. After the concerted efforts of both parties, an insurance agreement regarding the storage of chemical fertilizers was entered into with PICC P&C to provide property insurance services for chemical fertilizer products in the warehouses supervised by the China Agricultural Trading Platform. In April 2015, the Group entered into a sale and purchase agreement with China National Agricultural Means of Production Group Corporation (中國農業生產資料集團有限公司) ("Sino-agri Group") to acquire 30% equity interest in Sino-agri Agricultural Machinery so as to tap into the agricultural machinery market officially. In May 2015, the Group also entered into a cooperation framework agreement with Guangdong-agri Group for cooperation with Guangdong New Co-Op Skyrise with a view to promoting the tea leaves trading platform and providing services to the agricultural sector in urbanization plan, operation and business management.

PERFORMANCE OF THE GROUP'S FINANCIAL INFORMATION SERVICES AND SOFTWARE TERMINAL OPERATIONS

In 2015, China's securities market experienced dramatic fluctuations. However, with a sound marketing strategy, actively developed products and creative marketing, the Group's subsidiary Qianlong Advanced Technology Co., Ltd. seized the opportunity arising from the market peak and avoided the risk at the market bottom, therefore achieving a new business record for the Qianlong products for the year.

In the area of personal edition software products, capitalizing on its technological advantages in data accumulation and data retrieval, the Company successively launched several premier products, such as Option Winner (期權贏家), Global (環球通), Seat Monitor Premier Version (席位密碼至尊版), New Wealth Matrix (新版財富矩陣) and IPO (新股王), in response to the evolving new market situation. Effectively exploring a new marketing standpoint, these products further enhanced the potential value of Qianlong users, therefore further consolidating their loyalty.

At the same time, to continue promoting our technology and platform advantages, Qianlong increased its investment in connecting with the HKEX Orion, the latest market data platform launched by HKEX. It provided users with a higher quality real-time market data and information of Hong Kong stocks. It also directly connected with the NASDAQ data platform so that China's investors trading U.S. stocks online can get Wall Street real-time market data of the highest standard. These two features alone had further consolidated Qianlong's advantages in securities market information transmission and financial database applications, thereby laying a solid foundation for future product and market development.

In the area of enterprise edition software products, by rightly addressing the business transformation needs of securities companies under the new circumstances, the Qianlong Securities Services Platform, which was developed by the Company, succeeded in provision of quality services and precise marketing, therefore boosting customer transactions and improving customer loyalty. The number of customers signing in with the Qianlong Securities Services Platform showed an accelerating upward trend with a very optimistic sales prospect due the good reputation of the platform in the industry. In addition, the continuous upgrading of the all-in-one "Qianlong Options Kit" (錢龍期權寶) software, which featured market data, strategy and trading, provided remarkable user experience to professional options investors. With excellent reputation, the number of users ranked top in the industry. In the future, with the gradual expansion of the futures option market, as well as the starting of testing of option trading on the Shenzhen Stock Exchange, there will be brighter market prospects for the "Qianlong Options Kit" software which will become a stable source of income growth.

With respect to marketing, in the big trend of growing popularity of social networking platforms and terminals, Qianlong quickly discovered its own market opportunities and innovatively set up a network sales team that made use of network tools to carry out marketing activities. With resolute efforts and persistent exploration, sales performance of our network sales team grew rapidly, surging hand in hand with the conventional telephone sales team and showing a good momentum of development. It was expected to drive the Qianlong personal edition products to achieving leapfrog growth.

In the future, the Company will increase its research and development and marketing efforts to fully develop the business department's onsite and Internet platforms, as well as the enterprise edition and personal edition products. The aim is to turn the Qianlong series of products into a comprehensive securities information platform integrating market information, news, analysis, trading, services and management into an all-in-one software that leads in the IT development of the securities industry.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2015, the administrative expenses of the Company increased by 41.97% to RMB74,310,000, mainly due to an increase in professional fees in relation to various corporate projects of the Group and rental and administration expenses of the Group's Hong Kong's office.

References are made to the announcements of the Company dated 31 December 2015 (the "December Announcement"), 20 January 2016 and 21 January 2016 in relation to the framework agreement regarding the possible cooperation in fund management with Dalian Exchange (the "Fund Management Services"). The Company, Dalian Exchange and a subsidiary of China Co-Op Group Company Limited*（中國供銷集團有限公司）, a connected person in subsidiary level ("Party A") have entered into the Three Parties Joint Operation Agreement in relation to the operation for the Fund Management Services. For the year ended 31 December 2015, under the Three Parties Joint Operation Agreement, the Group is entitled to receive fund management services income and financing income amounting to RMB47,221,000 (2014: Nil) and RMB324,554,000 (2014: Nil), respectively. As disclosed in the December Announcement of 2015, the Board expected that the Group will record a substantial growth of over 300% in the revenue of the Company for the year ended 31 December 2015 as compared to 2014, primarily due to the transactions under the Joint Operation Agreement entered with Dalian Exchange. The Company would like to clarify that in view of substantial performance obligations for management services income and the credit risk of associated capital for financing incomes were assumed by Party A, both management services income and financing income received from Party A, net of corresponding taxes, should be recognised as a deemed capital contribution instead of a revenue to the Company in accordance with the relevant accounting standards.

WORKING CAPITAL AND FINANCIAL RESOURCES

As at 31 December 2015, the Group's cash and cash equivalents amounted to RMB265,291,000 (31 December 2014: RMB190,642,000), representing an increase of 39.16%.

(a) Following the Company's placing and subscription of an aggregate of 125,660,900 new shares at HK$3.0 per share under specific mandates on 22 October 2014, and raising net proceeds of approximately HK$369.7 million; further on 6 February 2015, the Company completed (i) the placing of 53,530,000 new shares to not less than seven placees, (ii) the subscription of 100,000,000 new shares by China Co-Op V (Shanghai) Equity Investment Funds Limited Partnership* (中合供銷五期(上海)股權投資基金合夥企業(有限合夥)), and (iii) the subscription of 161,206,500 new shares by Parko, all at the price of HK$3.0 per share under specific mandates and raised net proceeds of approximately HK$936.9 million. The Company intends to apply the total net proceeds for further capital injection into China Coop Mengda, acquisition of land and/or warehouse(s) and building and/or renovation of warehouses for storage of agricultural products, acquisition of land and/or buildings and establishment of trading centre(s) for trading of agricultural products and rural land property rights; and the remainder (if any) will be served for the development of online transaction management system for the trading platforms of agricultural products and rural land property rights.

(b) On 2 June 2015, the Company completed the placing agreement with a placing agent under specific mandate and issued 141,463,000 unlisted warrants at an issue price of HK$0.189 per warrant. The placing warrants entitled the holders to subscribe for up to 141,463,000 new shares at an exercise price of HK$3.0 per share. On the same date, the Company also completed the subscription agreement with Parko under specific mandate and issued 212,194,500 subscription warrants at an issue price of HK$0.189 per warrant. The subscription warrants entitled Parko to subscribe 212,194,500 new shares at an exercise price of HK$3.0 per share. The Company raised net proceeds of approximately HK$66.3 million upon the issuance of a total of 353,657,500 warrants. As at 31 December 2015, all of 212,194,500 subscription warrants have been subscribed by Parko and 63,963,000 placing warrants have been exercised, raising total net proceeds of approximately HK$828.5 million.

The Company intends to apply the net proceeds from the issued and exercised warrants to a possible investment in a tea leaves trading platform (details of which are disclosed in the Company's announcement dated 24 December 2014; a possible investment in a processing plant for agricultural by-products; and the investment in Sino-Agri Equipment Co.ltd. (Rename from "Sino-agri Agricultural Machinery Holdings Company Limited")* (中農集團農業裝備有限公司).

As the Company's strategy is to review from time to time potential investment opportunities, the Board has resolved to change the intended use of proceeds from the placing and subscription warrant to establish a limited liability partnership under the laws of the PRC. Details of the above are set out in the Company's announcement dated 25 August 2015.

(c) On 23 June 2015, the Company completed the placing of 58,000,000 new shares to at the placing price of HK$4.25 per share under general mandate and raised net proceeds of approximately HK$240.3 million. The Company intends to apply such proceeds to a possible acquisition of the Wholesale Market, including the ownership of the properties and land use right of the Wholesale Market and for working capital.

MAJOR INVESTMENT

(a) Acquisition of Sino-Agri Equipment Co., Ltd. (Former Name: "Sino-Agri Agricultural Machinery Holdings Company Limited")

On 29 April 2015, the Company, Sino-agri Group and Sino-agri Equipment Co., Ltd. entered into the SPA, pursuant to which the Company conditionally agreed to purchase from Sino-agri Group, and Sino-agri Group conditionally agreed to sell to the Company 30% of the existing equity interest of Sino-agri Equipment Co., Ltd., at the consideration of RMB105 million which shall be settled in cash. Pursuant to the SPA, the Company further agreed to grant a shareholder's loan up to RMB145 million, in three tranches, subject to the terms and condition therein.

On 12 August 2015, the Company, the Sino-agri Group, and Sino-agri Equipment Co., Ltd. entered into a supplemental agreement to amend certain terms of the SPA. Pursuant to the Supplemental Agreement, the Parties thereto agreed the followings: (i) the Consideration shall be settled by Yi-Agri Investment Management (Shanghai) Company Limited* (怡農投資管理（上海）有限公司), a wholly-owned subsidiary of the Company; and (ii) the Company shall proceed with making capital contribution into Yi-Agri Investment by 31 August 2015. The consideration shall be paid to Sino-agri Group in cash within 5 business days following the above capital contribution.

As disclosed in the announcement of the Company dated 31 December 2015, all the conditions precedent under the SPA entered into between the Company, Sino-agri Group and Sino-Agri Equipment Company Limited (as supplemented and amended by the supplementary agreement) had been fulfilled. The parties thereto agreed that, the Completion Date would be within 15 days following the date of receipt of consideration, notwithstanding that the Target Company might still in the process of obtaining the new business licences. The Completion Date was 31 December 2015. Upon completion, the Group will be interested in 30% of the equity interests in the Target Company, which will be accounted for as an investment of associate in the consolidated financial report of the Company.

Details of the above are set out in the Company's announcement dated 29 April 2015, 12 August 2015 and 31 December 2015.

(b) Possible capital injection in Guangdong New Co-op Skyrise

On 22 May 2015, the Company entered into a cooperation framework agreement with Guangdong-agri Group in relation to a possible capital injection in Guangdong New Co-Op Skyrise. Subject to the completion of the corporate restructuring as described in the Company's announcement dated 22 May 2015, it is proposed that the Group may make capital injection to Guangdong New Co-Op Skyrise and acquire 45% of the enlarged equity interests of Guangdong New Co-Op Skyrise. As disclosed in the announcement of the Company's dated 24 December 2014, the Company had deposited an amount of HK$189 million to an escrow agent mutually agreed by the Company and Guangdong New Co-Op Skyrise to hold the fund in escrow as earnest money of the possible investment in tea trading platform before.

On 20 August 2015, the Company, Guangdong-agri Group and Guangdong New Co-Op Skyrise entered into a supplemental framework agreement to set out further arrangements in relation to the Possible Capital Injection. Pursuant to the Supplemental Framework Agreement, the parties agreed to discuss and confirm the detail terms of the Possible Capital Injection and enter into a legally binding agreement before 30 September 2015.

Details of the above are set out in the Company's announcement dated 20 August 2015.

As more time is required to finalize the terms and arrangement of the Possible Capital Injection, the parties entered into a second supplemental framework agreement on 30 September 2015 (the "Second Supplemental Framework Agreement") pursuant to which the parties agreed to finalize the terms of the Possible Capital Injection and execute the formal agreement on or before 31 December 2015.

On 19 January 2016 the parties entered into a third supplemental framework agreement (the "Third Supplemental Framework Agreement") pursuant to which the parties agreed to finalize the terms of the Possible Capital Injection and execute the formal agreement on or before 31 March 2016.

Details of the above are set out in the Company's announcement dated 22 May 2015, 20 August 2015, 30 September 2015 and 19 January 2016.

(c) Possible Cooperation of Establishment Of The Fund

On 25 August 2015, the Company and China Co-Op (Shanghai) Equity Investment Fund Management Company Limited* (中合供銷(上海)股權投資基金管理有限公司) entered into a framework cooperation agreement in relation to the possible cooperation between the Company and Co-Op Fund Management in establishment of a fund. The Company has deposited a sum of RMB850 million to Dongyue Holdings Limited* (東越控股有限公司) to hold the fund in escrow as earnest money for the Possible Transaction. Dongyue Holdings Limited is an indirect wholly-owned subsidiary of China Co-Op*(中國供銷集團), which in turn holds approximately 83.83% interest in Coopinvest Company*(中合聯投資有限公司)which holds approximately 12.96% interest in China Coop Mengda*(中合盟達融資租賃有限公司), an indirect wholly-owned subsidiary of the Company. Dongyue Holdings Limited is a connected person of the Company at subsidiary level. As at the date of the announcement, 50% of the issued shares of Co-Op Fund Management is owned by Coopinvest Company Limited.

On 31 December 2015, the parties are still in discussion in respect of the Possible Transaction. Since the Company may make less capital commitment to the Fund than expected, the parties agreed that part of the Retainer Money in the amount of not exceeding RMB450 million shall be returned to the Company.

Details of the above are set out in the Company's announcement dated 25 August 2015 and 31 December 2015.

(d) Acquisition Of A Transnational Merchandising Trading Platform In Shanghai

On 27 November 2015, the Company entered into a non-legally binding letter of intent with (i) Parko (Hong Kong) Limited(百豪(香港)有限公司), a controlling shareholder of the Company, (ii) Hui Ding Capital Management Co. Ltd.*(匯鼎資本管理有限公司), a company established in the People's Republic of China with limited liability, and (iii) Bright Glory Asia Investment Limited, a company incorporated in Hong Kong with limited liability, in relation to the possible acquisition of not less than 51% equity interests in China Cooperation (Shanghai) Real Estate Co. Ltd. *(中合(上海)置業有限公司), a company established in the PRC which will be the beneficial owner of a piece of land and certain properties in Shanghai, the PRC, a designated transnational merchandising trading platform under the "One Belt One Road" policy, for development of the Company's development of international trading platform.

On 11 January 2016, the Company and the Parko (Hong Kong) Limited, Hui Ding Capital Management Co. Ltd., and Bright Glory Asia Investment Limited (the "Vendors") entered into the SPA pursuant to which the Company conditionally agreed to purchase and the Vendors conditionally agreed to procure the sale of the Sale Interest, representing the entire equity interest in China Cooperation (Shanghai) Real Estate Co. Ltd., at the Consideration of RMB2,685 million.

On 27 January 2016, Altus Capital Limited* (浩德融資有限公司), has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the SPA and the transactions contemplated thereunder.

Details of the above are set out in the Company's announcement dated 27 November 2015, 11 January 2016 and 27 January 2016.

* *The English name is for identification purpose only.*

GEARING RATIO

As at 31 December 2015, the Group's total gearing ratio (total borrowings divided by total equity) was 4% (2014: 15%). The Group's assets were not subject to any charges or mortgages.

EMPLOYMENT AND REMUNERATION POLICIES

The total number of full-time employees of the Group as at 31 December 2015 was 394 (2014: 401). The Group offers a remuneration package by reference to the prevailing market conditions, and the performance, qualifications, and experience of individual employees. Other benefits for employees include pension, provident fund and medical insurance scheme. For the year ended 31 December 2015, total staff cost was approximately RMB109,637,000 (2014: RMB76,744,000), representing an increase of around 43% as compared to year 2014.

In order to recognise the contributions by employees and other eligible persons, the Company adopted a share option scheme which was approved at the annual general meeting on 12 June 2014. On 2 April 2015, the Company granted 19,500,000 share options to certain eligible persons which would enable them to subscribe for a total of 19,500,000 ordinary shares of the Company. During the year ended 31 December 2015, 5,270,000 share options have been exercised and 300,000 share options have been forfeited. The Company also adopted a share award scheme on 23 January 2015.

On 6 July 2015, the Company had entered a trust deed and appointed Kilmorey Securities Ltd. (金力証券有限公司) as the Trustee for the administration of the Share Award Scheme. As at 31 December 2015, the Company had not granted any share award.

EXPOSURE ON EXCHANGE RATE FLUCTUATION

The Group's income and expenditure are predominately denominated in RMB and only an insignificant amount is denominated in Hong Kong dollars. The Group considered that the exchange rate fluctuation exposure is minimal and no financial instruments have been used for hedging purposes.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2015 and 2014.

IMPORTANT EVENTS AFTER 31 DECEMBER 2015

(a) Acquisition Of A Transnational Merchandising Trading Platform in Shanghai

On 11 January 2016, the Company and the Parko (Hong Kong) Limited, Hui Ding Capital Management Co. Ltd., and Bright Glory Asia Investment Limited entered into the SPA pursuant to which the Company conditionally agreed to purchase and the Vendors conditionally agreed to procure the sale of the Sale Interest, representing the entire equity interest in Target Company at the Consideration of RMB2,685 million.

On 27 January 2016, in respect of the above mentioned very substantial acquisition and connected transactions. Altus Capital Limited, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the SPA and the transactions contemplated thereunder.

(b) Possible Capital Injection In Guangdong New Co-op Skyrise

As more time is required to finalize the terms and arrangement of the Possible Capital Injection, the Company, Guangdong-agri Group and Guangdong New Co-Op Skyrise entered into a third supplemental framework agreement ("Third Supplemental Framework Agreement") on 19 January 2016, pursuant to which the parties agreed to finalize the terms of the Possible Capital Injection and execute the formal agreement on or before 31 March 2016.

(c) Renew Joint Operation Agreement with Dalian Exchange

As the Joint Operation Agreement entered into by the Company and Dalian Exchange on 31 December 2015 expired on 31 December 2015, the Company and Dalian Exchange entered into the Renewed Joint Operation Agreement on 20 January 2016, pursuant to which the Company shall provide fund management services to Dalian Exchange.

Details of the above are set out in the Company's announcement dated 20 January 2016.

(d) Termination Of The Preferred Shares Subscription Agreement And The Innovationpay Subscription Agreement

On 29 January 2016, the Company entered into a termination agreement with China Innovationpay to terminate the Preferred Shares Subscription Agreement and the Innovationpay Subscription Agreement respectively.

Details of the above are set out in the Company's announcement dated 29 January 2016.

(e) Termination Of The Possible Investment In The Chengdu West Agricultural Products Wholesale Market* (成都西部農產品批發市場)

In consideration of better achievement of the possible investment through other kind of cooperation, on 3 February 2016, the Company and Dujiangyan Investment Co.* (都江堰投資公司) have entered into a termination agreement to terminate the Letter of Intent dated 29 December 2015, pursuant to which the parties shall be released and discharged from their obligations under the Letter of Intent with no claim against each other thereunder.

Details of the above are set out in the Company's announcement dated 3 February 2016.

(f) Possible Increase In Shareholding By The Controlling Shareholder

On 20 January 2016, the controlling shareholder of the Company, Parko (Hong Kong) Limited has increased its shareholding in the Company in the open market by an aggregate amount not exceeding HK$500 million since the date of the announcement.

On 4 March 2016, the controlling shareholder of the Company, Parko (Hong Kong) Limited has entered into separate sale and purchase agreements to purchase an aggregate of 17,400,000 shares of the Company from independent investors, representing approximately 0.8% of the total issued share capital of the Company.

Details of the above are set out in the Company's announcement dated 20 January 2016 and 4 March 2016.

(g) Refund of earnest money in relation to the acquisition of 100% equity interest in the Target Company

On 31 March 2016, in view of the sales and purchase agreement regarding to the acquisition of 100% equity interest in the Target Company has not yet completed within six months after entering into the escrow agreement, Ao Yuan had refunded the earnest money amounting to RMB1,220,000,000 to the Company on 30 March 2016.

Details of the above are set out in the Company's announcement dated 31 March 2016.

(h) Refund of retainer money in relation to the possible cooperation in relation to the establishment of Investment Fund amounting to RMB850,000,000

In December 2015, Dongyue transferred part of the retainer money in relation to the establishment of Investment Fund amounting to RMB250,000,000 to Ao Yuan for the purpose of settling the earnest money regarding to the acquisition of 100% equity interest in the Target Company. The remaining portion of the retainer money amounting to RMB600,000,000 has been refunded to the Company on 30 March 2016.

Details of the above are set out in the Company's announcement dated 31 March 2016.

(i) Resignation of independent non-executive director and member of audit committee

On 31 March 2016, Mr. Chan Siu Wing Raymond ("Mr. Chan") has resigned from his office as an independent non-executive director of the Company to pursue other career interests. Mr. Chan also ceased to be a member of the audit committee simultaneously with his resignation as an independent non-executive director of the Company on 31 March 2016.

Details of the above are set out in the Company's announcement dated 31 March 2016.

* *The English name is for identification purpose only.*

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board considers that good corporate governance of the Company is central to safeguarding the interests of the shareholders and enhancing the performance of the Company. The Board is committed to maintaining and ensuring high standards of corporate governance. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

The Company has adopted the code provisions ("Code Provisions") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") issued by the Stock Exchange during the year ended 31 December 2015 ("the year under review").

The Board reviews the corporate governance practice of the Company at least once every year to ensure that the Company has complied with the Code Provisions. During the year under review, the Company has complied with the Code Provisions. The following sections report the Company's application of the Code Provisions in the year under review, including any deviation.

BOARD OF DIRECTORS

The Board currently comprises eight Directors, including five executive Directors and three independent non-executive Directors and its composition during the year 2015 is set out as follows:

EXECUTIVE DIRECTORS

Chen Li-Jun *(Chairman)*
Ren Hai
Peng Guojiang
Wen Yuanyi
Liu Yong
Zhang Yuliang (removed on 18 December 2015)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chiu Kam Hing, Kathy
Ting Tit Cheung
Fan, William Chung Yue (appointed on 12 January 2015)
Chan Siu Wing Raymond (appointed on 11 September 2015 and resigned on 31 March 2016)
Chu Kin Wang Peleus (appointed on 25 June 2015 and resigned on 11 September 2015)
Law Yee Kwan Quinn (retired on 25 June 2015)

The Company has received from each independent non-executive Director an annual confirmation of his/her independence and considers that all relevant Directors are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

The Board meets regularly to review and approve the interim and final results of the Group and meets more frequently when required. During the year under review, a series of Board meetings were held and attendance of each Director is set out in the "Board Committees" section of this report.

The Board is responsible for corporate strategy, annual and interim results, succession planning, risk management, major acquisitions, disposals and capital transactions and other significant operating and financial matters. Major corporate matters that are specifically delegated by the Board to the management include the preparation of the annual and interim accounts for Board approval before publication, 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, rules and regulations.

Annually the dates of regular Board meetings are scheduled in advance to facilitate maximum attendance of Directors. At least 14 days' notice of a Board meeting is normally given to all Directors who are given an opportunity to suggest matters for discussion in the agenda of the meeting. The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied. The agenda and the enclosed Board papers are sent to all Directors at least 3 days before the intended date of a regular Board meeting (and so far as practicable for such other Board meetings). Draft minutes of each Board meeting are circulated to all Directors for their comment before the same will be tabled at the following Board meeting for approval. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

According to the current Board practice, if the major shareholders or Directors think there are significant conflicts of interests in the matters to be considered by the Board, such matters will be dealt with at the formal Board meeting by the Directors.

DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPEMENT

When appointed to be the member of the Board, each Director receives a detailed induction on appointment, covering the Company's business operation and policies as well as the general legal and regulatory responsibilities of the Directors, to ensure the full understanding of his/her duty from the Listing Rules and other relevant regulatory provisions. Such induction is normally included with visits to the Company's key business sites and meetings with the senior management of the Company.

During the year ended 31 December 2015, the Company provided reading materials and other updated information regarding latest development of the Listing Rules and other applicable regulations to Directors for their reference and studying.

DIRECTORS' AND OFFICERS' INSURANCE

The company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

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 code of conduct regarding directors' securities transactions. All directors have confirmed, following specific enquiry by the Company that they have complied with the Model Code throughout the year ended 31 December 2015. The Company also has written guidelines for relevant employees in respect of their dealings in the Company's securities.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Chen Li-Jun was appointed as the Chairman of the Board on 18 December 2013. The Chairman is responsible for leading and operating the Board to ensure that the Board discusses all the important matters and application in a timely and effective manner. The Company has not appointed a CEO since the resignation of the former CEO, Mr. Yang Ching Shou. Senior management continues to identify appropriate individuals and make recommendations to nomination committee and remuneration committee of the Board for the appointment of CEO.

BOARD COMMITTEES

The Board has established various committees, including remuneration committee, audit committee and nomination committee, each of which has specific written terms of reference. Copies of minutes of all meetings and resolutions of the committees, which are kept by the Company Secretary, are circulated to all Board members and the committees are required to report to the Board. The procedures and arrangements for a Board meeting have been adopted for the committee meetings so far as practicable.

During the year under review, details of the attendance of each Director in Board meetings, remuneration committee meetings, audit committee meetings and nomination committee meetings are as follows:

	Meetings Attended/Held				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Shareholder Meeting
Executive Directors					
Chen Li-Jun *(Chairman)*	23/24			3/3	4/4
Ren Hai	19/24				2/4
Peng Guojiang	23/24				4/4
Wen Yuanyi	19/24		4/4		1/4
Liu Yong	19/24				3/4
Zhang Yuliang (removal on 18 December 2015)	13/21				2/4
Independent non-executive Directors					
Chiu Kam Hing, Kathy	25/26	2/2	4/4	3/3	2/4
Ting Tit Cheung	24/26	2/2	4/4	3/3	2/4
Fan William Chung Yue (appointed on 12 January 2015)	24/25	2/2	3/3	2/2	2/4
Chan Siu Wing Raymond (appointed on 11 September 2015 and resigned on 31 March 2016)	5/5				
Chu Kin Wang Peleus (appointed on 25 June 2015 and resigned on 11 September 2015)	3/7	0/1			1/3
Law Yee Kwan Quinn (retired on 25 June 2015)	10/14	1/1			0/2

REMUNERATION COMMITTEE

The remuneration committee was established in November 2005. This committee consists of four members, including the independent non-executive Directors, Ms. Chiu Kam Hing, Kathy (chairman of the remuneration committee), Mr. Ting Tit Cheung, Mr. Fan, William Chung Yue and executive Director, Ms. Wen Yuanyi.

The Company has complied with Rules 3.25 and 3.26 of the Listing Rules as the remuneration committee is chaired by an independent non-executive Director and comprising a majority of independent non-executive Director. The Company also approved and provided written terms of reference for the remuneration committee which clearly establish the remuneration committee's authority and duties as follows:

1. Review the current policy and structure of remuneration of the Directors;

2. Review the existing remuneration of independent non-executive Directors; and

3. Review and recommend the proposed consultancy of newly appointed independent non-executive Directors for the Board's approval.

The remuneration committee acts as the adviser to the Board while the Board reserves the final rights to approve the remuneration of individual executive Directors and senior management of the Company. The full terms of reference of the remuneration committee with its rights, duties and responsibilities are available on the Company's website and the Stock Exchange's website.

AUDIT COMMITTEE

The Company established an audit committee in 1999. This committee consists of three members, including independent non-executive Directors, Ms. Chiu Kam Hing, Kathy (chairman of the audit committee), Mr. Ting Tit Cheung and Mr. Fan, William Chung Yue.

The Company has complied with Rules 3.21 and 3.22 of the Listing Rules as the audit committee (consists of at least three members and must be chaired by an independent non-executive Director) has at least one member who is independent non-executive Director with appropriate professional qualifications or accounting or related financial management experience, and is provided with written terms of reference for the audit committee which clearly establish the audit committee's authority and duties. The full terms of reference of the audit committee along with its rights, duties and responsibilities are available on the Company's website and the Stock Exchange's website.

The audit committee is mainly responsible for reviewing the financial report and monitoring the integrity of the financial report. Other duties include appointing auditor, approving the auditor's remuneration, discussing the audit procedures and other matters arising from the above. The audit committee is also responsible for supervising the financial reporting system and internal control procedures as well as its effectiveness.

The audit committee has reviewed the annual results announcement for the year ended 31 December 2015 and the consolidated financial statements for the year ended 31 December 2015.

According to its terms of reference, the audit committee shall meet at least twice a year. Two committee meetings were held in 2015 and the attendance of each member is listed in the section "Board Committees" of this report.

For the year under review, the performance of the audit committee is as follows:

1. Reviewed and recommended the financial report for the year ended 31 December 2014 for the approval by the Board;

2. Reviewed and recommended the 2015 interim results for the approval of the Board; and

3. Reviewed connected transactions.

NOMINATION COMMITTEE

The nomination committee was established on 23 March 2012. This committee consists of four members, including the executive Director, Mr. Chen Li-Jun (Chairman and chairman of the nomination committee), the independent non-executive Directors Ms. Chiu Kam Hing, Kathy, Mr. Ting Tit Cheung and Mr. Fan, William Chung Yue.

The Company approved and provided written terms of reference for the nomination committee which clearly establish the nomination committee's authority and duties as follows:

1. Review the Board structure and composition as well as make recommendations to the Board to comply with the Company's corporate strategy changes; and

2. Review and made recommendations to the Board on the newly appointed independent non-executive Directors.

The Company adopted the Board Diversity Policy during the year with the primary objective to enhance the effectiveness of the Board and its standard of corporate governance. The Company is committed to equality of opportunity in all aspects of its business and endeavours to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and in order for the Board to be effective. The Board Diversity Policy will be reviewed on a regular basis to ensure its continuing effectiveness.

The full terms of reference of the nomination committee along with its rights, duties and responsibilities are available on the Company's website and the Stock Exchange's website.

CORPORATE GOVERNANCE FUNCTIONS

The Board has overall responsibility for implementing corporate governance responsibilities, including:

1. To develop and review the Company's relevant corporate governance policies and practices;

2. To review and monitor the training and continuous professional development of the Directors and senior management;

3. To review and monitor the Company's policies and practices complying with the statutory and regulatory rules;

4. To develop, review and monitor the code of conduct and compliance handbook (if any) of the employees and Directors; and

5. To review the Company's compliance with the Code Provisions and disclosure in the corporate governance report.

COMPANY SECRETARY

According to the Code Provisions, the Company Secretary shall be the employees of the issuer and have an understanding of the issuer's daily affairs. If the issuer hires an external service provider as the company secretary, it should disclose the identity of one of its senior members so as to contact the external service provider.

The Company Secretary is responsible for reporting to Mr. Chen Li-Jun, Chairman, and providing updates to the Directors on corporate governance matters.

During the year under review, the Company Secretary confirmed having received no less than 15 hours' professional training.

DIRECTOR'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and assure that the consolidated financial statements are in accordance with statutory requirements and applicable accounting standards. The Directors also assure the timely publication of the consolidated financial statements of the Group.

According to paragraph C.1.2 of the Code Provisions, management should provide all members of the board with monthly updates giving a balanced and understandable assessment of listed company's performance, position and prospects. In view of the nature of the Company's business, management accounts and business updates are prepared and generated on a quarterly basis to the Board members. Management shall continue to review the need for providing such monthly updates to the Board.

The statement by the independent auditor about its reporting responsibilities relating to the consolidated financial statements for the year ended 31 December 2015 is set out in the Independent Auditor's Report on pages 54 to 55 of this annual report.

INTERNAL CONTROL

The Company has conducted a review of its system of internal control periodically to ensure it is effective and adequate. The Company convened meetings periodically to discuss financial, operational and risk management control.

During the year under review and up to the date of this annual report, the Board considers that the existing internal control system is stable enough to safeguard the interests of the shareholders, customers and employees and the Group's assets. The Directors believe that the Group's budget is sufficient in accounting and finance as for the employee's qualifications, experience, resources and trainings.

AUDITOR'S REMUNERATION

The audit committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year under the review, the Company's payment to the external auditor for audit and non-audit services is as follows:

Type of Service	RMB
Audit Services	1,889
Non-Audit Services (Other consulting service)	6,446
Total:	8,335

INVESTOR RELATIONS

There are changes in the constitutional documents of the Company in 2015. The Articles of Association of the Company (the "Articles") were amended to reflect the potential creation and issue of the preferred shares to China Innovationpay Group Limited as set out in the announcements of the Company dated 25 June 2015, 11 August 2015, 30 September 2015, 20 October 2015, 29 January 2016 and the circular of the Company dated 20 July 2015. The details of the proposed amendment to the Articles are disclosed in the circular of the Company dated 20 July 2015 and the proposed amendment to the Articles was duly passed by the shareholders by way of poll as set out in the announcement of the Company dated 11 August 2015. The latest version of the Memorandum and Articles of Association of the Company is made available on the Company's website and the Stock Exchange's website.

The Company has disclosed all necessary information to the shareholders in compliance with the Listing Rules. The Directors host the annual general meeting every year to meet the shareholders and answer their enquiries.

SHAREHOLDERS' RIGHTS

Convene Special General Meeting

According to the Company's Articles of Association, the shareholders are entitled to request the Board to hold special general meetings.

Special general meetings can be convened at the written request of two or more shareholders which will include major issues for discussion and signature of requisitionists. The requisitions have to be delivered to the Company's main office in Hong Kong (or if the Company no longer sets the main office then it will be the registered office). The requisitionists are required to submit no less than one-tenth of paid-up capital before earning the voting rights in the general shareholders' meeting on the requisition delivery date.

Special general meetings can also be convened at the written request of any shareholder (as a recognized clearing house (or its agent)). The requisitions have to be delivered to the Company's registered office in Hong Kong, listing the major issues for meeting discussion which are signed by the requisitionists. The requisitionists are required to represent the voting rights of no less than one-tenth of paid-up capital in the general shareholders' meeting on the requisition delivery date.

If the Board fails to convene the special general meeting within twenty-one days from the date of the receipt of the requisition(s) in accordance with the established procedures, the requisitionists may themselves or any requisitionist representing those who hold more than 50% of the total voting rights can convene such a meeting (in a manner as similar as possible to the manner in which shareholders' meetings are convened by the Board) within three months from the date of the receipt of the requisition(s) by the Board. Any reasonable expenses incurred by the requisitionists by reason of failure by the Board to duly convene a meeting shall be repaid to the requisitionists by the Company.

SHAREHOLDERS COMMUNICATION POLICY

The Company has established several channels to maintain constant communication with shareholders.

1. The Company news, annual reports, interim reports and announcements are issued in printed form and are also available on the Stock Exchange website www.hkex.com.hk and the Company's website http://www.natagri.com.hk;

2. The announcements made to the Stock Exchange on a regular basis are issued respectively on the Company's and the Stock Exchange's website;

3. The corporate information and Memorandum and Articles of Association of the Company are available on the Company's website;

4. Annual and special general meetings provide the shareholders with the platform to comment and exchange views with the Directors and senior management; and

5. The Company's share registrar provides the shareholders with equity registration, dividend distribution, shareholder information change and other relevant service.

If investors have any queries, they can directly send a letter to the Company's principal place of business in Hong Kong. Contact details are as follows:

Address:	Suites 1604–5, Prudential Tower, Harbour City, 21 Canton Road, Tsimshatsui, Kowloon, Hong Kong
Telephone:	(852) 2886 7188
Fax:	(852) 2868 9101
Email:	info@natagri.com.hk

DIRECTOR'S REPORT

The Directors present their report together with the audited consolidated financial statements of the Company for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group are research, development and distribution of software, provision of related maintenance, usage and information services and provision of financial leasing business in the PRC. In the future, the Group will engage in rural finance, trading in agricultural means of production and urbanisation planning, operating and managing.

The principal activities of the Company's subsidiaries are set out in note 34 to the consolidated financial statements.

No geographical analysis is shown as the principal activities of the Group are mainly carried out in the PRC.

ADDITIONAL INFORMATION OF BUSINESS REVIEW

Addition information of business review is set out on pages 12 to 27 under Management Discussion and Analysis of this Annual Report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to contributing to the sustainability of the environment and is committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. We strive to minimize our environmental impact by saving electricity and encouraging recycle of office supplies and other materials.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 76% of the Group's total sales for the year and sales to the largest customer included therein accounted for approximately 72% of the Group's total sales.

Purchases from the Group's five largest suppliers accounted for approximately 70% of the Group's total purchases for the year and purchases from the largest supplier included therein accounted for approximately 21% of the Group's total purchases.

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

RESULTS AND APPROPRIATIONS

The loss of the Group for the year ended 31 December 2015 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 56 to 165.

The Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2015.

CONVERTIBLE LOAN NOTES

Details of the subscription and redemption of convertible loan notes of the Group are set out in note 43 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the year are set out in notes 16 to the consolidated financial statements, respectively.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

On 28 January 2015, the Company entered into a placing agreement with a placing agent, pursuant to which, the Company has conditionally agreed to issue and the placing agent has conditionally agreed to procure, on a best effort basis, not less than six placees to subscribe for up to 141,463,000 warrants at an issue price of HK$0.189 per warrant. The placing warrants entitled the holders to subscribe for up to 141,463,000 new shares at an exercise price of HK$3.0 per share (subject to adjustments). On the same date, the Company also entered into a subscription agreement with Parko, pursuant to which, the Company has conditionally agreed to issue and Parko has conditionally agreed to subscribe for up to 212,194,500 warrants at an issue price of HK$0.189 per warrant. The subscription warrants entitled the holders to subscribe for up to 212,194,500 new shares at an exercise price of HK$3.0 per share (subject to adjustments). An extraordinary general meeting was convened and held to consider and, if thought fit, pass the relevant resolutions and to approve the relevant agreements and the respective transactions contemplated thereunder.

On 6 February 2015, the Company completed (i) the placing of 53,530,000 new shares to independent shareholders, (ii) the issuance of 100,000,000 new shares to China Co-Op V (Shanghai) Equity Investment Funds Limited Partnership (中合供銷五期(上海)股權投資基金合夥企業(有限合夥)), and (iii) the issuance of 161,206,500 new shares to Parko, all at the price of HK$3.0 per share under specific mandates.

On 2 June 2015, all the conditions precedent set out in the Placing Agreement on date 6 February 2015 have been fulfilled and the Placing was completed in accordance with its terms and conditions. An aggregate of 141,463,000 Placing Warrants have been successfully placed by the Placing Agent to not less than six Placees, (including, among others, CSI Capital Management Limited, China Orient Multi Strategy Master Fund and Value Extra Corporation) at the Placing Issue Price of HK$0.189 per Placing Warrant. An aggregate of 141,463,000 Placing Warrant Shares were allotted and issued upon the exercise of the subscription rights attaching to the Placing Warrants which representing approximately 6.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Warrant Shares and Subscription Warrant Shares.

On 2 June 2015, all the conditions precedent set out in the Subscription Agreement on date 6 February 2015 have been fulfilled and the Subscription was completed in accordance with its terms and conditions. An aggregate of 212,194,500 Subscription Warrants have been issued by the Company to the Subscriber at the Subscription Issue Price of HK$0.189 per Subscription Warrant. An aggregate of 212,194,500 Subscription Warrant Shares were allotted and issued upon the exercise of the subscription rights attaching to the Subscription Warrants which representing approximately 10.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Warrant Shares and Subscription Warrant Shares.

On 12 June 2015, the Company entered into the Placing Agreement with the Placing Agents, pursuant to which the Placing Agents have severally and conditionally agreed to procure Placees, on a best effort basis, to subscribe for a total of up to a maximum of 58,000,000 Placing Shares at the Placing Price of HK$4.25 per Placing Share.

On 23 June 2015, all the conditions precedent set out in the Placing Agreement on date 12 June 2015 have been fulfilled and the Placing was completed in accordance with its terms and conditions. An aggregate of 58,000,000 Placing Shares, representing approximately 2.76% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, have been successfully placed by the Placing Agents to not less than six Placees (including, among others, The Peoples's Insurance Company (Group) of China (中國人民保險集團股份有限公司), China Life Franklin Asset Management Company Limited (中國人壽富蘭克林資產管理有限公司), New China Asset Management (Hong Kong) Limited (新華資產管理(香港)有限公司), and a wholly-owned subsidiary of GF Fund Management Company Limited (廣發基金管理有限公司) at the Placing Price of HK$4.25 per Placing Share under general mandate.

PRE-EMPTIVE RIGHTS

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

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out on page 59 of this annual report and in note 43 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

At 31 December 2015, the Company had accumulated losses of RMB567,046,000, and after taking into consideration of the balance of share premium account of RMB2,437,178,000, subject to the provisions of the Cayman Islands Companies Law (Revised) as detailed in note 43 of the consolidated financial statements, the aggregate amount of reserves available for distribution to owners of the Company was RMB1,870,132,000.

At 31 December 2014, the Company had accumulated losses of RMB54,350,000, and after taking into consideration of the balance of share premium account of RMB412,639,000, subject to the provisions of the Cayman Islands Companies Law (Revised) as detailed in note 43 of the consolidated financial statements, the aggregate amount of reserves available for distribution to owners of the Company was RMB367,609,000 (as more particularly described in note 43 of the consolidated financial statements).

DIRECTORS

The Directors of the Company during the year and up to the date of this report were as follows:

Executive Directors

Chen Li-Jun *(Chairman)*
Ren Hai
Peng Guojiang
Wen Yuanyi
Liu Yong
Zhang Yuliang (removed on 18 December 2015)

Independent non-executive Directors

Chiu Kam Hing, Kathy
Ting Tit Cheung
Fan William Chung Yue (appointed on 12 January 2015)
Chan Siu Wing, Raymond (appointed on 11 September 2015 and resigned on 31 March 2016)
Chu Kin Wang, Peleus (appointed on 25 June 2015 and resigned on 11 September 2015)
Law Yee Kwan, Quinn (retired on 25 June 2015)

In accordance with article 16.2 of the Company's articles of association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting. Fan William Chung Yue retired from office as Director and, being eligible, was re-elected at the annual general meeting held on 25 June 2015.

In accordance with article 16.18 of the Company's articles of association, one-third of the Directors shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Chen Li-Jun, Ren Hai and Peng Guojiang retire from office as Directors and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Biographical details of the Directors are set out on pages 9 to 11 of this annual report. Details of the Directors' remuneration are set out in note 11 to the consolidated financial statements.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules for the year ended 31 December 2015 and the Company considers all of the independent non-executive Directors are independent.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance in relation to the Company's business to which the Company, or any of its subsidiaries was a party, and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' SERVICE CONTRACTS

The Company has entered into service contracts with each of the executive Directors Liu Yong for a term of one year and with each of Chen Li-Jun, Ren Hai, Peng Guojiang and Wen Yuanyi for a term of three years and shall continue thereafter until terminated by either party giving to the other at least one month's prior notice in writing.

The Company has also entered into service contracts with each of the independent non-executive Directors for a term of one year and shall continue thereafter until terminated by either party giving to the other at least one month's prior notice in writing.

Save as aforesaid, none of the Directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 of the Listing Rules were as follows:

Long Positions in the ordinary and underlying shares of the Company

Name of Director	Nature of interest and capacity	Number of ordinary shares of the Company	Approximate % of the Company's issued share capital
Ms. Wen Yuanyi	Beneficial owner/Interest of controlled corporation of spouse (Note 2)	6,007,864	0.28
Mr. Chen Li-Jun	Beneficial Owner (Note 3)	1,500,000	0.071
Mr. Ren Hai	Beneficial Owner (Note 4)	1,500,000	0.071
Mr. Peng Guojiang	Beneficial Owner (Note 5)	1,000,000	0.047
Mr. Liu Yong	Beneficial Owner (Note 6)	1,500,000	0.071

Notes

1: The total number of the 2,123,259,468 shares of the Company in issue as at 31 December 2015 has been used for the calculation of the approximate percentage.

2: 107,864 shares were held by Precursor Management Inc. ("PMI"), which was wholly owned by Cai Weiheng, the husband of Wen Yuanyi ("Ms. Wen"), a Director. By virtue of the SFO, Ms. Wen was deemed to be interested in the shares held by PMI for the purposes of Part XV of the SFO.

On 2 April 2015, the Company granted share options to subscribe for 5,900,000 shares of the Company to Ms. Wen. Such share options has an exercise period from 8 April 2015 to 6 April 2018 and an exercise price of HK$2.33 per share. On 10 December 2015, 1,770,000 share options were exercised by Ms. Wen.

3: On 2 April 2015, the Company granted share options to subscribe for 1,500,000 shares of the Company to Mr. Chen Li-Jun ("Mr. Chen"). Such share options has an exercise period from 8 April 2015 to 6 April 2018 and an exercise price of HK$2.33 per share. On 10 December 2015, 450,000 share options were exercised by Mr. Chen.

4: On 2 April 2015, the Company granted share options to subscribe for 1,500,000 shares of the Company to Mr. Ren Hai ("Mr. Ren"). Such share options has an exercise period from 8 April 2015 to 6 April 2018 and an exercise price of HK$2.33 per share. On 10 December 2015, 90,000 share options were exercised by Mr. Ren.

5: On 2 April 2015, the Company granted share options to subscribe for 1,000,000 shares of the Company to Mr. Peng Guojiang ("Mr. Peng"). Such share options has an exercise period from 8 April 2015 to 6 April 2018 and an exercise price of HK$2.33 per share. On 10 December 2015, 300,000 share options were exercised by Mr. Ren.

6: On 2 April 2015, the Company granted share options to subscribe for 1,500,000 shares of the Company to Mr. Liu Yong ("Mr. Liu"). Such share options has an exercise period from 8 April 2015 to 6 April 2018 and an exercise price of HK$2.33 per share.

Long Position in the Shares of Associated Corporations

Name of Director	Nature of interest	Name of associated corporation	Number of shares	Approximate % of the issued share capital of the associated corporation
Mr. Chen Li-Jun	Corporate interest (Note)	Hebei Agricultural Means of Production Company Limited* (河北省農業生產資料有限公司) ("Hebei AMP")	13,950,000	15.5

Note: Hebei AMP owned 51% of Million Rich Hong Kong Holdings Company Limited ("Million Rich") which in turn owned 100% issued share capital of Parko. Parko owned approximately 52.68% of the Company as at 31 December 2015. As such, Hebei AMP was a holding company of and therefore an associated corporation of the Company pursuant to section 308 of the SFO. Mr. Chen Li-Jun held 15.5% interest in Hebei AMP.

Saved as disclosed above, as at 31 December 2015, none of the Directors nor chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

MANAGEMENT CONTRACTS

The Board confirmed that no contracts rendering the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year under review.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES

At no time during the year ended 31 December 2015 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executives of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME OF THE COMPANY

At the annual general meeting of the Company held on 12 June 2014, the shareholders of the Company approved the adoption of the Share Option Scheme. A summary of the Share Option Scheme disclosed in accordance with the Listing Rules is as follows:

1. **Purpose**

   The purpose of the Share Option Scheme is to recognise and acknowledge the contributions that eligible participants have made or may make to the Group, to motivate the eligible participants to optimise their performance and efficiency for the benefit of the Group; and to attract and retain or otherwise maintain ongoing business relationship with the eligible participants whose contributions are, will or expected to be beneficial to the Group.

2. **Eligible Participants**

   The Board may at its discretion grant options to: (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company; or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an affiliate.

3. **Total Number of Shares Available for Issue**

   The total number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option schemes must not in aggregate exceed 10% of the total issued share capital of the Company as at the date of its adoption unless the Company obtains a fresh approval from shareholders to renew the 10% limit on the basis that the maximum number of shares in respect of which share options may be granted under the Share Option Scheme together with any share options outstanding and yet to be exercised under the Share Option Scheme and any other share option schemes must not exceed 30% of the issued share capital of the Company from time to time.

4. Maximum Entitlement of Each Eligible Participant

No option may be granted to any eligible participant which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of the options already granted or to be granted to such eligible participant under the Share Option Scheme (including exercised, cancelled and outstanding share options) in any 12-month period up to and including the date of such grant exceeding 1% in aggregate of the shares in issue as at the date of such grant.

5. Period Within Which The Shares Must be Taken Up Under an Option

The period within which an option may be exercised shall be determined by the Board at its absolute discretion and notified to each grantee at the date of grant, which shall not be more than 10 years from the date of grant. Subject to any restrictions applicable under the Listing Rules, an option may be exercised by the grantee at any time during the exercise period in accordance with the terms of the Share Option Scheme and the terms on which the option was granted.

6. Minimum Period for Which an Option Must be Held Before It Can be Exercised

There is no minimum period for which the share options granted under the Share Option Scheme must be held before they can be exercised. The Board, however, has the authority to set terms and conditions in granting of the share options (i.e. to set conditions in relation to the minimum period of the share options to be held and/or the performance targets to be achieved before such share options can be exercised and the requirement for a minimum subscription price).

7. Amount Payable Upon Acceptance of The Option

An offer shall be accepted when the Company receives the duly signed offer letter from the grantee together with a remittance of HK$1.00 (or such other nominal sum in any currency as the Board may determine) in favour of the Company as consideration for the grant thereof. Such remittance shall in no circumstances be refundable. Once accepted, the option is granted as from the date on which it was offered to the relevant eligible participant.

8. Basis of Determining The Exercise Price

The exercise price for any share under this Share Option Scheme shall be a price determined by the Board and notified to each grantee and shall not be less than the highest of:

(a) the closing price of a share as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day;

(b) an amount equivalent to the average closing price of a share as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant; and

(c) the nominal value of a share on the date of grant.

9. **Remaining Life**

Subject to the early termination of the Share Option Scheme pursuant to the terms thereof, the Share Option Scheme shall remain valid and effective for 10 years commencing on the date of adoption on 12 June 2014.

On 2 April 2015, the Company granted 19,500,000 share options ("Options"). Among the Options granted, (i) Options entitling the holder thereof to subscribe for an aggregate of 10,200,000 shares were granted to the Directors; (ii) Options entitling the holder thereof to subscribe for an aggregate of 300,000 shares were granted to Zhang Yuliang, a former Director; and (iii) Option entitling the holder thereof to subscribe for an aggregate of 9,000,000 shares were granted to certain employees of the Company and its subsidiaries. Details of the Options granted by the Company have been disclosed in the Company's announcement dated 2 April 2015.

Details of the movement in the Options granted under the Share Option Scheme during the year are as follow:

Date of grant	Grantees	Exercise period	Exercise price per share	Outstanding as at 1 January 2015	Granted during the year	Cancelled/ exercised during the year	Lapsed during the year	Outstanding as at 31 December 2015
2 April 2015	Chen Li-Jun	8 April 2015 – 6 April 2018	HK$2.33	–	1,500,000	450,000	–	1,050,000
2 April 2015	Liu Yong	8 April 2015 – 6 April 2018	HK$2.33	–	1,500,000	–	–	1,500,000
2 April 2015	Peng Guojiang	8 April 2015 – 6 April 2018	HK$2.33	–	1,000,000	300,000	–	700,000
2 April 2015	Ren Hai	8 April 2015 – 6 April 2018	HK$2.33	–	300,000	90,000	–	210,000
2 April 2015	Wen Yuanyi	8 April 2015 – 6 April 2018	HK$2.33	–	5,900,000	1,770,000	–	4,130,000
2 April 2015	Zhang Yuliang	8 April 2015 – 6 April 2018	HK$2.33	–	300,000	–	–	300,000
2 April 2015	Other employees of the Group	8 April 2015 – 6 April 2018	HK$2.33	–	9,000,000	2,660,000	–	6,340,000

As at 31 December 2015, the total number of shares available for issue under the Share Option Scheme under the existing 10% limit is 132,831,056, representing approximately 6.26% of the issued share capital of the Company.

SHARE AWARD SCHEME OF THE COMPANY

On 23 January 2015, the Company also adopted the Share Award Scheme to recognise the contributions by employees and other eligible persons and to provide incentives in order to retain them for the continuing operation and development of the Group, as well as to attract suitable personnel for further development of the Group. Pursuant to the Share Award Scheme, existing shares of up to 10% of the issued share capital of the Company as at the date of adoption of the Share Award Scheme will be purchased by the trustee from the market out of cash contributed by the Group and be held on trust for the relevant selected grantees until such shares are vested with the relevant grantees in accordance with the rules relating to the Share Award Scheme.

SUBSTANTIAL INTERESTS IN THE SHARES AND UNDERLYING SHARES

Save as disclosed above, as at 31 December 2015, the following parties had interests in the shares and underlying shares of the Company as recorded in the register kept by the Company pursuant to Section 336 of SFO:

Name	Nature of interest and capacity	Long/short position	Number of shares held	Approximate % of interest in issued share capital
Parko (Hong Kong) Limited	Beneficial owner	Long	1,146,704,292 (Note 1, 2 & 3)	54.01
		Short	26,315,789	1.24
Million Rich Hong Kong Holdings Company Limited	Interest in controlled corporation	Long	1,146,704,292 (Note 1 & 2)	54.01
		Short	26,315,789	1.24
Hebei Agricultural Means of Production Company Limited* (河北省農業生產資料有限公司)	Interest in controlled corporation	Long	1,146,704,292 (Note 1 & 2)	54.01
		Short	26,315,789	
Hebei New Cooperation Group Holdings Limited* (河北省新合作控股集團有限公司) ("Hebei New Cooperation")	Interest in controlled corporation	Long	1,146,704,292 (Note 1 & 2)	54.01
		Short	26,315,789	
Mr. Chou Shih-Chung	Beneficial owner	Long	91,792,000	6.31

Save as disclosed above, as at 31 December 2015, so far as known to any Directors or chief executive of the Company, no other substantial shareholder or person had an interest or short position in the shares or underlying shares of the Company which are required to be recorded in the register kept by the Company under Section 336 of the SFO.

AUDIT COMMITTEE

The Company established an audit committee in 1999 with written terms of reference pursuant to Rules 3.21 to 3.23 of the Listing Rules. The audit committee comprises three independent non-executive Directors namely Ms. Chiu Kam Hing, Kathy, Mr. Ting Tit Cheung and Mr. Fan William Chung Yue. Ms. Chiu Kam Hing, Kathy is the chairman of the audit committee.

Duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group, and to provide advice and comments to the Board. The audit committee has reviewed the Group's audited consolidated results and annual report for the year ended 31 December 2015.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements is set out on page 166 of this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTIES

Location	Existing use	Term of lease	% interest
Leasehold land and buildings:			
26/F, World Plaza, No. 855 Pudong South Road, Shanghai, the PRC	Office building	Medium	100%

RETIREMENT SCHEMES

Details of the Group's retirement schemes during the year are set out in note 12 to the consolidated financial statements.

EMOLUMENT POLICY

The emolument policy regarding the employees of the Group is formulated by the remuneration committee of the Company and is based on the merit, qualifications and competence of the employees.

The emoluments of the Directors are decided by the remuneration committee of the Company having regard to the Company's operating results, individual performance and comparable market statistics.

DIRECTORS' INTEREST IN COMPETING BUSINESS

For the year ended 31 December 2015, the Directors are not aware of any business or interest of the Directors, the controlling shareholders and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interests which any such person has or may have with the Group.

CONTINUING CONNECTED TRANSACTIONS

On 31 December 2015, the Company and 大連再生資源有限公司 (Dalian Renewable Energy Exchange Company Limited*) ("Dalian Exchange") entered into a joint operation agreement ("Joint Operation Agreement") pursuant to which the Company shall provide, among others, fund management services to Dalian Exchange for a term commencing 7 May 2015 and expiring on 31 December 2015.

Pursuant to the Joint Operation Agreement, the Company is entitled to service fees in respect of (i) collecting and managing funds for Dalian Exchange in which the interests earned from processing funds shall be calculated based on the daily lending rate of the People's Bank of China plus 20% and the interests earned from processing funds will be shared equally between the Company and Dalian Exchange; (ii) the provision of finance facilities to traders of Dalian Exchange who are also registered member of the Agripay System for an amount up to 50% of the total amount of funds deposited by such trader and the interests earned from providing the finance facilities will be belonged to the Company and shall be calculated based on the daily lending rate of the People's Bank of China plus 20% but not exceeding annual interest rate of 12%; (iii) trade membership fees of about RMB1 million and an annual management fee of about RMB100,000 from each trader of the Dalian Exchange who is also a registered member of the Agripay System, whereas such income will be shared equally between the Company and Dalian Exchange; and (iv) a transaction handling fee of 0.1% of the total transaction fee from each party charged by Dalian Exchange which shall be shared equally between the Company and Dalian Exchange. The annual cap in respect of the Transactions for the financial year ended 31 December 2015 was RMB400 million.

Subsequent to the reporting period, on 20 January 2016, the Company and Dalian Exchange entered into a renewed joint operation agreement ("Renewed Joint Operation Agreement") which, among others, set out the service fees for the Company to provide certain fund management services to Dalian Exchange. The Renewed Joint Operation Agreement sets out further terms in respect of (i) fund management services; (ii) financing; (iii) membership registration fee; (iv) transaction handling fee; and (v) membership fee. The terms of the Renewed Joint Operation Agreement shall be a period of three years commencing on 1 January 2016 and expiring on 31 December 2018.

For further details, please refer to the announcement of the Company dated 20 January 2016.

The transaction amount for the transactions ("Transactions") under the Joint Operation Agreement for the year ended 31 December 2015 was RMB13,389,000. During the financial year ended 31 December 2015, the Group did not conduct any continuing connected transactions in relation to fund management services and financing in accordance with the joint operation agreement governing such transactions as the Company did not collect and manage funds for Dalian Exchange and also did not provide any finance facilities to the members of Dalian Exchange pursuant to such joint operation agreement.

Connection of the parties

中國供銷集團有限公司 (China Co-Op Group Company Limited*), the holding company of Dalian Exchange, holds approximately 83.83% interest in 中合聯投資有限公司 (Coopinvest Company Limited*) which is a substantial shareholder and holds approximately 12.96% interest in 中合盟達融資租賃有限公司 (China Coop Financial Leasing Co., Ltd*), an indirect non-wholly owned subsidiary of the Company. Dalian Exchange is therefore a connected person of the Company at the subsidiary level. Accordingly, the transactions contemplated under the Joint Operation Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Annual Review

The Directors (including the independent non-executive Directors) have reviewed the above continuing connected transactions and confirmed that these transactions were entered into:

(i) In the ordinary and usual course of business of the Group;
(ii) On normal commercial terms; and
(iii) In accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

and have followed the pricing policy pursuant to the relevant contracts when determining the fee payable during the year.

Deloitte Touche Tohmatsu, the auditors of the Company, were engaged to report on the above 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 Hong Kong Institute of Certified Public Accountants and reported their findings to the Board that the transactions:

(i) have been approved by the Board;
(ii) for transactions involving the provision of services by the Group, in all material respects, were in accordance with the pricing policies of the Company;
(iii) have been entered into in accordance with the terms of the relevant agreements governing the transactions; and
(iv) have not exceeded the annual cap for the year of 2015 as disclosed above.

OTHER RELATED PARTY TRANSACTIONS

The related party transactions set out in note 38(a) and 38(c) to the consolidated financial statements constitute connected transactions which were exempt from any disclosure and shareholders' approval requirements under the Listing Rules.

FINANCE LEASE TRANSACTIONS

During the period from 15 July 2014 to 13 January 2015, China Coop Mengda, as the lessor, has entered into several finance lease agreements with a client which is an independent third party, as the lessee, pursuant to which China Coop Mengda agreed to purchase certain IT equipment from supplier(s) selected by the lessee and such equipment will be leased back to the lessee ("Finance Lease Agreements"). The total principal and interest payment under the Finance Lease Agreements was approximately RMB115 million (equivalent to approximately HK$144 million). As more than one of the applicable percentage ratios for the transactions contemplated under the Finance Lease Agreements in aggregate calculated under Rule 14.07 of the Listing Rules are more than 5% but less than 25%, the Finance Lease Agreements constituted discloseable transactions for the Company under Chapter 14 of the Listing Rules.

On 17 August 2015, China Coop Mengda, as the lessor, has entered into the Finance Lease Agreement with Shandong United Pesticide, as the lessee, pursuant to which China Coop Mengda agreed to purchase the Lease Assets as specified in the Finance Lease Agreement from Shandong United Pesticide and such Lease Assets will be leased back to Shandong United Pesticide. The total rental payment under the Finance Lease Agreement was approximately RMB38.16 million (equivalent to approximately HK$46.17 million).

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 28 to 36 of this annual report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best of the Directors' knowledge, the Company has maintained a sufficient prescribed public float of the issued shares of the Company under the Listing Rules throughout the year ended 31 December 2015.

EVENTS AFTER REPORTING PERIOD

(a) Acquisition Of A Transnational Merchandising Trading Platform in Shanghai

On 11 January 2016, the Company and the Parko (Hong Kong) Limited, Hui Ding Capital Management Co. Ltd., and Bright Glory Asia Investment Limited entered into the SPA pursuant to which the Company conditionally agreed to purchase and the Vendors conditionally agreed to procure the sale of the Sale Interest, representing the entire equity interest in Target Company at the Consideration of RMB2,685 million.

On 27 January 2016, in respect of the above mentioned very substantial acquisition and connected transactions. Altus Capital Limited, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the SPA and the transactions contemplated thereunder.

(b) Possible Capital Injection In Guangdong New Co-op Skyrise

As more time is required to finalize the terms and arrangement of the Possible Capital Injection, the Company, Guangdong-agri Group and Guangdong New Co-Op Skyrise entered into a third supplemental framework agreement ("Third Supplemental Framework Agreement") on 19 January 2016, pursuant to which the parties agreed to finalize the terms of the Possible Capital Injection and execute the formal agreement on or before 31 March 2016.

(c) Renew Joint Operation Agreement with Dalian Exchange

As the Joint Operation Agreement entered into by the Company and Dalian Exchange on 31 December 2015 expired on 31 December 2015, the Company and Dalian Exchange entered into the Renewed Joint Operation Agreement on 20 January 2016, pursuant to which the Company shall provide fund management services to Dalian Exchange.

Details of the above are set out in the Company's announcement dated 20 January 2016.

(d) Termination Of The Preferred Shares Subscription Agreement And The Innovationpay Subscription Agreement

On 29 January 2016, the Company entered into a termination agreement with China Innovationpay to terminate the Preferred Shares Subscription Agreement and the Innovationpay Subscription Agreement respectively.

Details of the above are set out in the Company's announcement dated 29 January 2016.

(e) Termination Of The Possible Investment In The Chengdu West Agricultural Products Wholesale Market* (成都西部農產品批發市場)

In consideration of better achievement of the possible investment through other kind of cooperation, on 3 February 2016, the Company and Dujiangyan Investment Co.* (都江堰投資公司) have entered into a termination agreement to terminate the Letter of Intent dated 29 December 2015, pursuant to which the parties shall be released and discharged from their obligations under the Letter of Intent with no claim against each other thereunder.

Details of the above are set out in the Company's announcement dated 3 February 2016.

(f) Possible Increase In Shareholding By The Controlling Shareholder

On 20 January 2016, the controlling shareholder of the Company, Parko (Hong Kong) Limited has increased its shareholding in the Company in the open market by an aggregate amount not exceeding HK$500 million since the date of the announcement.

On 4 March 2016, the controlling shareholder of the Company, Parko (Hong Kong) Limited has entered into separate sale and purchase agreements to purchase an aggregate of 17,400,000 shares of the Company from independent investors, representing approximately 0.8% of the total issued share capital of the Company.

Details of the above are set out in the Company's announcement dated 20 January 2016 and 4 March 2016.

(g) **Refund of earnest money in relation to the acquisition of 100% equity interest in the Target Company**

On 31 March 2016, in view of the sales and purchase agreement regarding to the acquisition of 100% equity interest in the Target Company has not yet completed within six months after entering into the escrow agreement, Ao Yuan had refunded the earnest money amounting to RMB1,220,000,000 to the Company on 30 March 2016.

Details of the above are set out in the Company's announcement dated 31 March 2016.

(h) **Refund of retainer money in relation to the possible cooperation in relation to the establishment of Investment Fund amounting to RMB850,000,000**

In December 2015, Dongyue transferred part of the retainer money in relation to the establishment of Investment Fund amounting to RMB250,000,000 to Ao Yuan for the purpose of settling the earnest money regarding to the acquisition of 100% equity interest in the Target Company. The remaining portion of the retainer money amounting to RMB600,000,000 has been refunded to the Company on 30 March 2016.

Details of the above are set out in the Company's announcement dated 31 March 2016.

(i) **Resignation of independent non-executive director and member of audit committee**

On 31 March 2016, Mr. Chan Siu Wing Raymond ("Mr. Chan") has resigned from his office as an independent non-executive director of the Company to pursue other career interests. Mr. Chan also ceased to be a member of the audit committee simultaneously with his resignation as an independent non-executive director of the Company on 31 March 2016.

Details of the above are set out in the Company's announcement dated 31 March 2016.

* *The English name is for identification purpose only.*

Board Order of the Board
Chen Li-Jun
Chairman

Hong Kong
31 March 2016

* For identification purpose only and should not be regarded as official name.

Deloitte.
德勤

TO THE SHAREHOLDERS OF
NATIONAL AGRICULTURAL HOLDINGS LIMITED
國農控股有限公司
(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of National Agricultural Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 56 to 165, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of 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 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
31 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
Turnover	6	**159,876**	116,767
Cost of sales		**(43,537)**	(28,692)
Gross profit		**116,339**	88,075
Other income	7	**29,468**	17,303
Other gains and losses	8	**(423,459)**	1,938
Selling and distribution costs		**(66,653)**	(46,622)
Research and development costs		**(37,237)**	(30,726)
Administrative expenses		**(74,310)**	(52,343)
Impairment loss of amount due from a related party	19	**(40,000)**	–
Impairment loss of finance lease receivables	20	**(71,011)**	–
Impairment loss of loan receivables	23(a)	**(54,952)**	–
Finance costs	9	**–**	(795)
Loss before tax	10	**(621,815)**	(23,170)
Income tax expense	13	**(8,393)**	(3,577)
Loss for the year		**(630,208)**	(26,747)
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation		**33,603**	(97)
Total comprehensive expense for the year		**(596,605)**	(26,844)
(Loss) profit for the year attributable to:			
Owners of the Company		**(607,921)**	(32,759)
Non-controlling interests		**(22,287)**	6,012
		(630,208)	(26,747)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(574,318)**	(32,856)
Non-controlling interests		**(22,287)**	6,012
		(596,605)	(26,844)
Loss per share	14		
– Basic and diluted (RMB cents)		**(33.82)**	(2.47)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	16	**23,351**	24,421
Goodwill	17	**182**	182
Interest in an associate	18	**105,000**	–
Earnest money paid for potential investments	23(b)	**149,109**	301,948
Amounts due from related parties	19	**1,820,380**	–
Finance lease receivables	20	**53,469**	58,438
Deferred tax assets	21	**581**	295
		2,152,072	385,284
Current assets			
Inventories	22	**36**	37
Amount due from a related party	19	**–**	–
Finance lease receivables	20	**74,581**	52,027
Trade and other receivables	23(a)	**154,873**	95,011
Deposits and prepayments	23(b)	**13,115**	6,458
Other financial asset	17	**–**	624
Tax recoverable		**–**	55
Structured deposit	24	**16,000**	–
Restricted bank deposits	26	**–**	217
Cash and cash equivalents	25	**265,291**	190,642
		523,896	345,071
Assets classified as held for sale	15	**–**	50,948
		523,896	396,019
Current liabilities			
Trade and other payables	26	**76,370**	26,463
Amounts due to non-controlling interests		**322**	3,204
Bank borrowings	27	**53,071**	36,223
Deferred revenue	28	**69,969**	44,449
Tax payable		**4,018**	995
		203,750	111,334
Net current assets		**320,146**	284,685
Total assets less current liabilities		**2,472,218**	669,969

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
Non-current liabilities			
Bank borrowings	27	**41,689**	54,760
Deferred revenue	28	**20,221**	12,095
Deferred tax liability	21	**36,526**	–
		98,436	66,855
Net assets		**2,373,782**	603,114
Capital and reserves			
Share capital	29	**48,082**	34,863
Reserves		**2,283,825**	466,609
Equity attributable to owners of the Company		**2,331,907**	501,472
Non-controlling interests	30	**41,875**	101,642
Total equity		**2,373,782**	603,114

The consolidated financial statements on pages 56 to 165 were approved and authorised for issue by the board of directors on 31 March 2016 and are signed on its behalf by:

Chen Li-Jun
DIRECTOR

Peng Guojiang
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company													
	Share capital RMB'000	Share premium[1] RMB'000	Exchange reserve[2] RMB'000	Statutory reserve[3] RMB'000	Merger reserve[4] RMB'000	Convertible loan notes equity reserve[5] RMB'000	Warrant reserve[6] RMB'000	Share option reserve[7] RMB'000	Treasury shares reserve[8] RMB'000	Deemed capital contribution reserve[11] RMB'000	Retained profits/ (accumulated losses) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2014	26,128	8,352	(6,663)	23,390	24,598	58,228	–	–	–	–	36,181	170,214	–	170,214
Exchange difference arising on translation	–	–	(97)	–	–	–	–	–	–	–	–	(97)	–	(97)
(Loss) profit for the year	–	–	–	–	–	–	–	–	–	–	(32,759)	(32,759)	6,012	(26,747)
Total comprehensive (expense) income	–	–	(97)	–	–	–	–	–	–	–	(32,759)	(32,856)	6,012	(26,844)
Conversion of convertible loan notes	6,247	123,288	–	–	–	(58,228)	–	–	–	–	–	71,307	–	71,307
Acquisition of a subsidiary (note 17)	–	–	–	–	–	–	–	–	–	–	–	–	98,834	98,834
Issue of ordinary shares (note 29)	2,488	296,101	–	–	–	–	–	–	–	–	–	298,589	–	298,589
Transaction costs attributable to issue of shares	–	(5,782)	–	–	–	–	–	–	–	–	–	(5,782)	–	(5,782)
Dividend to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(3,204)	(3,204)
Transfer to statutory reserve	–	–	–	836	–	–	–	–	–	–	(836)	–	–	–
Balance at 31 December 2014	34,863	421,959	(6,760)	24,226	24,598	–	–	–	–	–	2,586	501,472	101,642	603,114
Exchange difference arising on translation	–	–	33,603	–	–	–	–	–	–	–	–	33,603	–	33,603
Loss for the year	–	–	–	–	–	–	–	–	–	–	(607,921)	(607,921)	(22,287)	(630,208)
Total comprehensive income (expense)	–	–	33,603	–	–	–	–	–	–	–	(607,921)	(574,318)	(22,287)	(596,605)
Issue of ordinary shares (note 29)	7,368	933,714	–	–	–	–	–	–	–	–	–	941,082	–	941,082
Transaction costs attributable to issue of shares[9]	–	(8,041)	–	–	–	–	–	–	–	–	–	(8,041)	–	(8,041)
Issue of warrants (note 33)	–	–	–	–	–	–	477,290	–	–	–	–	477,290	–	477,290
Transaction costs attributable to issue of warrants[10]	–	–	–	–	–	–	(420)	–	–	–	–	(420)	–	(420)
Exercise of warrants (note 33)	5,742	1,076,023	–	–	–	–	(393,018)	–	–	–	–	688,747	–	688,747
Share-based compensations (note 31)	–	–	–	–	–	–	–	7,709	–	–	43	7,752	–	7,752
Exercise of share options (note 31)	109	13,523	–	–	–	–	–	(2,516)	–	–	–	11,116	–	11,116
Acquisition of additional interest in a subsidiary (notes 30 and 34)	–	–	–	–	–	–	–	–	–	–	3,195	3,195	(37,045)	(33,850)
Repurchase of ordinary shares (note 32)	–	–	–	–	–	–	–	–	(30,580)	–	–	(30,580)	–	(30,580)
Dividend to non-controlling interests (note 30)	–	–	–	–	–	–	–	–	–	–	–	–	(435)	(435)
Deemed capital contribution	–	–	–	–	–	–	–	–	–	314,612	–	314,612	–	314,612
Transfer to statutory reserve	–	–	–	2,112	–	–	–	–	–	–	(2,112)	–	–	–
Balance at 31 December 2015	48,082	2,437,178	26,843	26,338	24,598	–	83,852	5,193	(30,580)	314,612	(604,209)	2,331,907	41,875	2,373,782

For the year ended 31 December 2015

1 The application of the share premium account is governed by Article 24.12 of the Company's articles of association and the Cayman Islands Companies Law (Revised), which provides that the share premium account may be applied in paying distributions or dividends to members, provided immediately following the date on which distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business. The remaining amount represented exchange difference aroused from translation of share premium of the Company to the presentation currency of the Group between the historical rate and the rate at the date of capital distributions which is not distributable.

2 The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Company into the presentation currency of the Group (i.e. RMB). The reserve is dealt with in accordance with the Group's accounting policy set out in note 3.

3 According to the relevant rules and regulations in the People's Republic of China (the "PRC"), each of the Company's PRC subsidiaries shall provide 10% of the annual net income after tax, based on the subsidiary's PRC statutory accounts, as a statutory reserve, until the balance reaches 50% of the respective subsidiary's registered capital. Further appropriations can be made at the directors' discretion.

The statutory reserve can be used to set off any accumulated losses or converted into paid-up capital of the respective subsidiary.

4 The merger reserve arose as a result of the Group reorganisation in 1999 and represented the net difference between the value recorded for the shares issued by the Company and the nominal value of the issued share capital of the subsidiary received in exchange.

5 The amount represented the fair value of equity component of convertible loan notes as at the date of initial recognition. On 28 January 2014, the convertible loan notes equity reserve was transferred to share premium upon the conversion of the convertible loan notes.

6 The amount represented the fair value of warrants as at the date of initial recognition, upon exercise of the warrants, the corresponding reserve was transferred to share premium, details are set out in note 33.

7 The amount represents equity reserve arising from share-based compensations under share options scheme of the Group provided to directors and employees, details are set out in note 31.

8 The amount represented the Group repurchased its own equity by the trustee from the market for assigning the share-based compensations under the Share Award Scheme (note 32). During the year ended 31 December 2015, the Company has repurchased 15,198,000 own shares amounting to RMB30,580,000 through its trustee and recognised in treasury shares reserve.

9 The amount represented direct costs incurred directly attributable to the issuance of shares upon the completion of shares placing and subscription.

10 The amount represented direct costs incurred directly attributable to the issuance of unlisted warrants upon the completion of unlisted warrants placing and subscription.

11 During the year ended 31 December 2015, the Group is entitled to receive fund management services income and financing income amounting to RMB47,221,000 (2014: Nil) and RMB324,554,000 (2014: Nil), respectively, from a subsidiary ("Party A") of China Co-Op Group Company Limited* 中國供銷集團有限公司 ("China Co-op"), a company established in the PRC and the wholly owned subsidiary of All China Federation of Supply and Marketing Cooperatives* 中華全國供銷合作總社, pursuant to a three parties joint cooperation agreement among the Company, Dalian Renewable Energy Exchange Company Limited and Party A. In view of the fact that Party A was the party which contracted with its customers and assumed all the substantial performance obligations for management services under the contracts and all the credit risks of the funds lent to the customers and provided all the associated capital for financing incomes, both management services income and financing income received by the Company from Party A, net of corresponding taxes, are recognised in equity as a deemed capital contribution.

* The English name is for identification purpose only.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
OPERATING ACTIVITIES			
Loss before tax		**(621,815)**	(23,170)
Adjustments for:			
Interest income		**(12,648)**	(5,898)
Finance costs		**4,776**	2,403
Interest income from finance lease receivables		**(8,641)**	(13,356)
Allowance for doubtful debts		**170**	268
Depreciation of property, plant and equipment		**3,179**	2,940
Depreciation of investment properties		**–**	803
Amortisation of prepaid lease payments		**–**	1,369
Gain on disposal of assets classified as held for sale	15	**(1,987)**	–
Gain from changes in fair value on structured deposits		**(400)**	(1,436)
Loss on initial recognition of warrants	33	**424,850**	–
Lapsed of call option granted to the Group	17	**624**	–
Impairment loss of finance lease receivables	20	**71,011**	–
Impairment loss of loan receivables	23(a)	**54,952**	–
Impairment loss of amount due from a related party	19	**40,000**	–
Share-based compensations	31	**7,752**	–
Operating cash flows before movements in working capital		**(38,177)**	(36,077)
Decrease (increase) in inventories		**1**	(5)
Increase in trade and other receivables		**(22,655)**	(20,260)
(Increase) decrease in deposits and prepayments		**(6,657)**	1,145
(Increase) decrease in finance lease receivables		**(88,596)**	1,238
Increase (decrease) in trade and other payables		**17,318**	(21,690)
Increase in deferred revenue		**33,646**	6,084
Cash used in operations		**(105,120)**	(69,565)
PRC Enterprise Income Tax paid		**(5,600)**	(1,718)
Interest paid		**(4,776)**	(1,608)
Interest received for finance lease receivables		**8,641**	13,356
NET CASH USED IN OPERATING ACTIVITIES		**(106,855)**	(59,535)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
INVESTING ACTIVITIES			
Earnest money paid to related parties	41	(1,045,209)	–
Investment in structured deposits		(113,500)	(366,696)
Acquisition of investment in an associate	18	(105,000)	–
Earnest money paid for potential investments	41	(94,300)	(149,109)
Loans advanced to third parties		(58,300)	(62,568)
Advance to a related party		(40,000)	–
Repurchase of ordinary shares	32	(30,580)	–
Acquisition of additional interests in a subsidiary	34	(17,000)	–
Acquisition of property, plant and equipment		(2,052)	(1,260)
Proceeds from redemption of structured deposits		97,900	405,432
Refund of earnest money paid for potential investments	41(b)	94,000	–
Proceeds on disposal of assets classified as held for sale, net of transaction costs	15	52,935	–
Interest received		9,170	5,898
Repayment of loans to third parties	23(a)	8,048	–
Withdrawal of restricted bank deposits		217	9,942
Refund of deposit paid to a property escrow agent		–	34,530
Acquisition of a subsidiary	17	–	32,837
Deposits paid to a property escrow agent		–	(34,530)
Placement of restricted bank deposits		–	(10,159)
NET CASH USED IN INVESTING ACTIVITIES		(1,243,671)	(135,683)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
FINANCING ACTIVITIES			
Repayment to the loans from third parties for earnest money to Shi Jia Zhuang Ao Yuan Trading Company Limited*	19	**(246,300)**	–
Repayment of bank loans		**(36,223)**	(10,908)
Transaction cost directly attributable to issue of shares		**(8,041)**	–
Dividend paid to non-controlling interests		**(3,317)**	–
Transaction costs directly attributable to issue of warrants		**(420)**	–
Proceeds from issue of shares	41	**558,200**	139,968
Proceeds from issue of shares through refund of earnest money paid for potential investments		**539,735**	–
Fund management services income and financing income received from Party A as deemed capital contribution		**328,495**	–
Proceeds from issue of warrant shares	41	**188,403**	–
New bank loans raised		**40,000**	78,891
Proceeds from issue of warrants	41	**20,608**	–
Proceeds from exercise of share options		**11,116**	–
Repayment of amount due to a controlling shareholder		**–**	(1,068)
Interest paid for convertible loan notes		**–**	(714)
Repayment of amount due to non-controlling interests		**–**	(235)
NET CASH FROM FINANCING ACTIVITIES		**1,392,256**	205,934
NET INCREASE IN CASH AND CASH EQUIVALENTS		**41,730**	10,716
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**190,642**	180,020
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**32,919**	(94)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**265,291**	190,642
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS	25		
Cash and bank balances		**208,291**	162,642
Time deposits with original maturity of less than three months when acquired		**57,000**	28,000
		265,291	190,642

* The English name is for identification purpose only.

1. GENERAL

National Agricultural Holdings Limited (formerly known as Qianlong Technology International Holdings Limited) (the "Company") is a limited liability company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate parent is Parko (Hong Kong) Limited ("Parko"), a company incorporated in Hong Kong and, in the opinion of the directors of the Company, its ultimate controlling party is Hebei Supply and Marketing Cooperative ("Hebei SMC"), a cooperative body established by the People's Government of Hebei Province of the People's Republic of China (the "PRC") (see note 38). The addresses of registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activity of the Company is investment holding and engaged in operating an integrated commodities trading platform for renewable resources materials, agricultural by-products and agricultural means of production in the PRC under the joint cooperation agreement and the renewed joint operation agreement (the "Joint Cooperation Agreements") entered between the Company and Dalian Renewable Energy Exchange Company Limited ("Dalian Exchange"). The principal activities of the Group are the research, development and distribution of software, and provision of related maintenance, usage and information services, provision of financial leasing business and operating of commodities trading platform in the PRC under the Joint Cooperation Agreements. The details and principal activities of the subsidiaries are set out in note 34.

The consolidated financial statements are presented in Renminbi ("RMB"), as the currency of the primary economic environment in which the principal subsidiaries of the Company operate is in the PRC, while the functional currency of the Company is Hong Kong dollar ("HK$").

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountant (the "HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of the 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.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[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 HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[2]

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

2 Effective for annual periods beginning on or after 1 January 2016

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

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 9 *Financial Instruments* (Continued)

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held-for-trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 9 *Financial Instruments* (Continued)

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have an impact on the amounts reported in respect of the Group's financial assets and financial liabilities. It is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detailed review.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 15 *Revenue from Contracts with Customers* (Continued)

Under HKFRS 15, an entity 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. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors do not anticipate that the application of the other new and revised HKFRSs will have a material effect on the Group's consolidated financial statements.

3. 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The provisions of the new CO (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for the structured deposit and other financial asset which are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 compensations transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

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.

3. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

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 into 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.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing 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 interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. 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.

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;

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (Continued)

- liabilities or equity instruments related to share-based compensations arrangements of the acquiree or share-based compensations arrangements of the Group entered into to replace share-based compensations 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.

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 of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts 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 entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another HKFRS.

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 groups of cash-generating units) that is expected to benefit from the synergies of the combination.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill (Continued)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of the reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investments in associates

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.

The results and assets and liabilities of associate is incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate 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. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), 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.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates (Continued)

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets 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 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.

Assets classified as held for sale

Non-current assets 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 is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset 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. Non-current assets classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production of goods, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

Depreciation is recognised so as to write off the cost of assets 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 the reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their residual values, as follows:

Leasehold land and buildings	20 years or shorter of the lease term
Leasehold improvements	5 years or shorter of the lease term
Computer equipment	3 – 5 years
Furniture, fixtures and office equipment	3 – 5 years

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.

Investment properties

Investment property is property held to earn rentals and/or for capital appreciation.

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

The investment properties are depreciated on a straight-line basis over the shorter of the terms of the lease and 20 years.

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 disposals. 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 item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment losses on tangible assets (see the accounting policy in respect of goodwill above)

At the end of each reporting period, the Group reviews the carrying amounts of its assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. 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) 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 cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at lower of cost and net realisable value.

Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) 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 FVTPL are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following two categories: financial assets at FVTPL and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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 marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held-for-trading or it is designated as at FVTPL.

A financial asset is classified as 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.

A financial asset other than a financial asset held-for-trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the other gains and losses line item. Fair value is determined in the manner described in note 40(c).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets (other than finance lease receivables) with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related parties, bank balances and cash, restricted bank deposit and time deposits) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Loans and receivables and finance lease receivables are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days and observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity 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 Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Other financial liabilities, including trade and other payables, amounts due to non-controlling interests and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees 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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Derecognition

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 associate 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.

Finance lease receivables are derecognised when the Group entered into a finance lease receivable factoring arrangement with a bank and all the following conditions are satisfied:

- The Group transfers the contractual rights to receive cash flow from the finance lease receivables to a bank or the Group retains the contractual rights to receive the cash flows of the finance lease receivable, but assumes a contractual obligation to pay the cash flows to the bank in an arrangement;

- The Group has no obligation to pay the cash amounts to the bank unless it collects equivalent amounts from the original asset;

- The Group is prohibited by the terms of the transfer contract (the finance lease receivable factoring arrangement) from selling or pledging the original asset other than as a security to the bank for the obligation to pay them cash flows;

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Derecognition (Continued)

- The Group has an obligation to remit any cash flows it collects on behalf of the bank without material delay; and
- The Group transfers substantially all the risks and rewards of ownership of the finance lease receivable.

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

If the transfer of a finance lease receivable does not qualify for derecognition when the Group entered into a finance lease receivable factoring arrangement with a bank, the Group continue to recognise the finance lease receivable in its entirety and recognise the obligation arising from factoring of finance lease receivable as a liability.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held as cash with banks, and other short term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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 of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, 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 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 the 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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and value added tax.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Information service fees, maintenance service and usage fees are billed in advance and are recognised as income on a straight-line basis over the period of the provision of the related services. The unrecognised portion is recorded as deferred revenue in the consolidated statement of financial position.

Finance income from finance leases of which the Group is a lessor, is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the finance leases.

Membership registration fee and membership fee is recognised on a straight line basis over the relevant contract period and in accordance with the terms of the Joint Cooperation Agreements.

Transaction handling fee is recognised on a trade date basis and in accordance with the terms of the Joint Cooperation Agreements.

Consultancy fee income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

The Group's accounting policy for recognition of revenue from operating lease is described in the accounting policy for leasing below.

Dividend income from investments is recognised when the Group's rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Examples and indicators that individually or in combination would normally lead to a lease being classified as a finance lease are:

(a) the lease transfers ownership of the asset to the lessee by the end of the lease term;

(b) the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;

(c) the lease term is for the major part of the economic life of the asset even if title is not transferred;

(d) at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;

(e) the leased assets are of such a specialised nature that only the lessee can use them without major modifications;

(f) if the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee;

(g) gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (for example, in the form of a rent rebate equalling most of the sales proceeds at the end of the lease); and

(h) the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

The Group as lessor

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease 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 lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease 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 lease payments cannot be allocated reliably between the land and buildings elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

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 exchange on the dates of the transactions. At the end of each 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign 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, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the equity under the heading of exchange reserve (attributable to non-controlling interest as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the 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.

Research and development expenditure

Expenditure on research and development activities (including staff cost), that do not meet the recognition criteria as an intangible asset, is recognised as an expense in the period in which it is incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Grants related to expense items are recognised in the same period as those expenses are charged to profit or loss and are deducted in the reporting of the related expenses.

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.

Retirement benefit costs

Payments to the state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity-settled share-based compensations transactions

Share options granted to employees

Equity-settled share-based compensations to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 31 to the Group's consolidation financial statements.

The fair value determined at the grant date of the equity-settled share-based compensations is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits/other reserve.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has 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.

Classification of lease contracts as finance leases

The directors of the Company examined the terms of the existing lease contracts as at 31 December 2015 and evaluated the extent to which the risks and rewards incidental to the ownership of leased asset lie with China Coop Financial Leasing Co., Ltd.* 中合盟達融資租賃有限公司 ("China Coop Mengda") as the lessor, or the lessee. In making their judgement, the directors considered the indicators of classification of a lease as a finance lease set out in HKAS 17 Leases. Taking into account the facts and circumstances, among others, that (i) the lessees have the option to purchase the leased assets at the end of the lease term at a nominal price; and (ii) the lessee is required to compensate China Coop Mengda for an amount equivalent to the outstanding finance lease receivable if the lessee cancels the lease, the directors are satisfied that the terms of the leases transferred substantially all the risks and rewards of ownership to the lessees and the lease contracts as at 31 December 2015 are classified as finance leases. Details are set out in note 20.

* The English name is for identification purpose only.

Control over China Coop Mengda

China Coop Mengda was considered as a subsidiary of the Group although the Group has only approximately 41.18% ownership interest in China Coop Mengda as at 31 December 2014.

The directors assessed whether or not the Group has control over China Coop Mengda based on whether the Group has the practical ability to direct the relevant activities of China Coop Mengda unilaterally. In making their judgement, the directors considered the Group's absolute size of shareholding in China Coop Mengda, the number of directors of China Coop Mengda, the commitment for the attendance of each board meeting by the board of directors and the relative size of and dispersion of the shareholdings owned by the other shareholders. After assessment, the directors concluded that the Group has sufficiently dominant voting interest in the board of directors to direct the relevant activities of China Coop Mengda and therefore the Group has control over China Coop Mengda. As at 31 December 2015, the Group held approximately 81.26% equity interest of China Coop Mengda. Details are set out in note 17.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

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.

Estimated impairment of amounts due from related parties

When there is objective evidence of impairment loss, the Group takes into consideration their recoverability based on their financial status and prevailing market conditions. Impairment loss is applied to amounts due from related parties where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of amounts due from related parties and thus the impairment loss in the period in which such estimate is changed. The directors of the Company reassess the impairment loss of amounts due from related parties at the end of the reporting period.

During the year, impairment loss of RMB40,000,000 (2014: Nil) has been recognised for the amounts due from related parties. As at 31 December 2015, the carrying amount of the amounts due from related parties is RMB1,820,380,000 (2014: Nil).

Estimated impairment of loan receivables

The directors of the Company estimate the impairment loss of loan receivables by assessing their recoverability based on the financial position of the borrowers and the prevailing market conditions. This requires the use of estimates and judgements. Impairment loss is applied to loan receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of loan receivables and thus a material impairment loss may arise.

During the current year, impairment loss of RMB54,952,000 (2014: Nil) has been recognised for loan receivables. As at 31 December 2015, the carrying amount of loan receivables is RMB61,265,000 (2014: RMB62,568,000).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Estimated impairment of finance lease receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows expected to arise from the settlement of the finance lease receivables and fair value of the secured leased assets less cost to sell. The amount of the impairment loss is measured as the difference between the financial asset's carrying amount and higher of the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition) and the fair value of the secured leased assets less cost to sell. Where the actual future cash flows or the net selling price of the secured leased assets are less than expected, a material impairment loss may arise.

During the year ended 31 December 2015, impairment loss of RMB71,011,000 has been recognised for finance lease receivables (2014: Nil). As at 31 December 2015, the carrying amount of finance lease receivables is RMB128,050,000 (2014: RMB110,465,000).

Estimation of useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

As at 31 December 2015, the carrying amount of property, plant and equipment is RMB23,351,000 (2014: RMB24,421,000). Depreciation is recognised by the Group so as to write off the cost or revalued amount of items of property, plant and equipment less their residual values over the estimated useful lives of three to twenty years, using the straight-line method commencing from the date the property, plant and equipment are placed into use. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of that property, plant and equipment.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Estimated impairment of interest in an associate

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of the recoverable amount of the associate which is the higher of value in use and fair value less costs to sell. The Group has carried out impairment testing to determine whether the Group's interest in an associate is impaired as indicated by the decline in financial performance of the associate. The management of the Group is unable to have a reliable measurement of the fair value less costs to sell and applied value in use calculation to estimate the future cash flows of the Group expected to arise from the associate and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2015, the carrying amount of interest in an associate is amounting to RMB105,000,000 (2014: Nil) and no impairment loss has been recognised. Details of the recoverable amount calculation are disclosed in note 18.

Estimated allowance for bad and doubtful debts

The Group estimates the allowance for bad and doubtful debts by assessing their recoverability based on credit history and prevailing market conditions. This requires the use of management judgement and estimates. Allowances are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of trade and other receivables and doubtful debt expenses/written back in the period in which the estimate has been changed. The Group reassesses the allowance for bad and doubtful debts at the end of the reporting period. As at 31 December 2015, the carrying amount of trade receivables is RMB10,152,000, net of allowance of RMB487,000 (2014: RMB2,319,000, net of allowance of RMB317,000).

Fair value measurements and valuation processes

Some of Group's assets are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the management establishes the appropriate valuation techniques and inputs for fair value measurement. Notes 17 and 40(c) provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets.

5. SEGMENT REPORTING

For management purposes, the Group is currently organised into three operating divisions: 1) research, development and distribution of software and provision of related maintenance, usage and information services; 2) finance leasing; and 3) operating commodities trading platform. These divisions are the basis that is regularly reviewed by the executive directors of the Company, being the chief operating decision maker ("CODM"), in order to allocate resources to the segment and to assess its performance.

For the year ended 31 December 2014, the Group only operated in two segments, which were the research, development and distribution of software and provision of related maintenance, usage and information services and finance leasing. During the year ended 31 December 2015, the Group operated in a new segment, which engaged in operating the commodities trading platform pursuant to the Joint Cooperation Agreements with Dalian Exchange*大連再生資源交易所有限公司.

Details of operating commodities trading platform under the Joint Cooperation Agreements are set out in the Company's announcements dated 31 December 2015, 20 January 2016 and 21 January 2016.

* The English name is for identification purpose only.

5. SEGMENT REPORTING (CONTINUED)

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the year ended 31 December 2015

	Research, development and distribution of software and provision of related maintenance, usage and information services RMB'000	Finance leasing RMB'000	Operating commodities trading platform RMB'000	Total RMB'000
Segment revenue	136,308	10,179	13,389	159,876
Segment result	3,982	(72,313)	9,885	(58,446)
Unallocated expenses				(50,226)
Share-based compensation				(7,752)
Impairment loss of amount due from a related party				(40,000)
Impairment loss of loan receivables				(54,952)
Other income				12,648
Other gains and losses				(423,087)
Loss before tax				(621,815)

5. SEGMENT REPORTING (CONTINUED)

For the year ended 31 December 2014

	Research, development and distribution of software and provision of related maintenance, usage and information services RMB'000	Finance leasing RMB'000	Total RMB'000
Segment revenue	97,185	19,582	116,767
Segment result	534	11,599	12,133
Unallocated expenses			(42,477)
Other income			6,533
Other gains and losses			1,436
Finance costs			(795)
Loss before tax			(23,170)

Apart from the finance leasing business and operating commodities trading platform, all of the segment revenue is from external customers. There were no inter-segment sales in the current and prior years.

For the year ended 31 December 2015, finance lease income amounting to RMB236,000 (2014: RMB6,743,000) and consultancy fee income amounting to RMB342,000 (2014: Nil) from finance leasing business and membership registration fee amounting to RMB3,550,000 (2014: Nil), transaction handling fee amounting to RMB3,030,000 (2014: Nil) and membership fee amounting to RMB6,809,000 (2014: Nil) from operating commodities trading platform were received from related companies.

5. SEGMENT REPORTING (CONTINUED)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment result represents the profit earned or loss incurred by each segment without allocation of certain unallocated expenses, share-based compensation, impairment loss of loan receivables, other income, other gains and losses and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance.

The following is an analysis of the Group's assets and liabilities by reportable segment:

	2015 RMB'000	2014 RMB'000
Segment assets		
Research, development and distribution of software and provision of related maintenance, usage and information services	132,844	98,829
Finance leasing	167,835	232,457
Operating commodities trading platform	5,884	–
Total segment assets	306,563	331,286
Assets classified as held for sale	–	50,948
Amounts due from related parties	1,820,380	–
Earnest money paid for potential investments	149,109	301,948
Interest in an associate	105,000	–
Loan receivables	61,265	62,568
Structured deposit	16,000	–
Other unallocated corporate assets	217,651	34,553
Consolidated assets	2,675,968	781,303

5. SEGMENT REPORTING (CONTINUED)

	2015 RMB'000	2014 RMB'000
Segment liabilities		
Research, development and distribution of software and provision of related maintenance, usage and information services	**115,642**	73,727
Finance leasing	**99,743**	99,366
Operating commodities trading platform	**3,387**	–
Total segment liabilities	**218,772**	173,093
Payable of acquisition cost of China Coop Mengda	**11,950**	–
Deferred tax liability	**36,526**	–
Other unallocated corporate liabilities	**34,938**	5,096
Consolidated liabilities	**302,186**	178,189

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than assets classified as held for sale, amounts due from related parties, earnest money paid for potential investments, interest in an associate, loan receivables, structured deposit and other unallocated corporate assets (including primarily unallocated property, plant and equipment, other receivables, deposits and prepayments and bank balances and cash).
- all liabilities are allocated to reportable segments other than payable of acquisition cost of China Coop Mengda, deferred tax liability and other unallocated corporate liabilities (including accruals and other payables).

5. SEGMENT REPORTING (CONTINUED)

Geographical information

The Group's operations, non-current assets and substantially all of the customers are located in the PRC (including Hong Kong) which is the country of domicile of the relevant group entities. Accordingly, no further analysis of revenue from external customers and non-current assets by geographical location is presented.

Other segment information

For the year ended 31 December 2015

	Research, development and distribution of software and provision of related maintenance, usage and information services RMB'000	Finance leasing RMB'000	Operating commodities trading platform RMB'000	Total RMB'000
Amounts included in the measure of segment of segment profit or loss or segment assets:				
Addition to non-current assets	1,272	341	439	2,052
Depreciation	2,465	51	663	3,179
Impairment loss of finance lease receivables	–	71,011	–	71,011
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Interest income	1,058	7,876	1,515	10,449
Interest expense	4,087	1,444	2,631	8,162

5. SEGMENT REPORTING (CONTINUED)

Other segment information (Continued)

For the year ended 31 December 2014

	Research, development and distribution of software and provision of related maintenance, usage and information services RMB'000	Finance leasing RMB'000	Total RMB'000
Amounts included in the measure of segment of segment profit or loss or segment assets:			
Addition to non-current assets	4,836	41	4,877
Depreciation	2,371	9	2,380
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:			
Interest income	1,294	2,275	3,569
Income tax expense	223	3,628	3,851

6. TURNOVER

	2015 RMB'000	2014 RMB'000
Maintenance service and usage fees	**76,385**	53,266
Information service fees	**41,541**	38,023
Sale of computer software	**18,382**	5,896
Finance lease income	**8,641**	13,356
Consultancy fee income	**1,538**	6,226
Membership registration fee	**3,550**	–
Transaction handling fee	**3,030**	–
Membership fee	**6,809**	–
	159,876	116,767

7. OTHER INCOME

	2015 RMB'000	2014 RMB'000
Value added tax refund (Note a)	**15,630**	9,883
Interest income from loan receivables	**10,577**	4,284
Interest income from banks deposits	**1,691**	1,614
Interest income from amounts due from related parties	**380**	–
Gross rental income from investment properties	**–**	635
Subsidy income (Note b)	**610**	864
Sundries	**580**	23
	29,468	17,303

Notes:

(a) A tax concession has been granted by the PRC tax authority to the Company's PRC subsidiaries which are engaged in the development and trading of computer software. Under this concession, the PRC subsidiaries are entitled to a refund of value added tax paid in excess of an effective rate of 3%. The amount of value added tax refund is recognised as other income.

(b) Subsidy income represented a subsidy of RMB514,000 (2014: RMB470,000) granted by Science and Technology Commission of Shanghai Municipality to a PRC subsidiary to finance its general research in relation to software developments, and subsidies totalling RMB96,000 (2014: RMB394,000) granted by Shanghai Finance Bureau to finance the PRC subsidiaries' development of advanced technology and was calculated based on 50% of the business tax, value added tax and enterprise income tax paid to the local government.

8. OTHER GAINS AND LOSSES

	2015 RMB'000	2014 RMB'000
Gain from changes in fair value on structured deposits	400	1,436
Gain on disposal of assets classified as held for sale (note 15)	1,987	–
Lapse of call option for acquisition of equity interest in China Coop Mengda (note 17)	(624)	–
Loss on initial recognition of warrants (note 33)	(424,850)	–
Exchange (loss) gain, net	(372)	502
	(423,459)	1,938

9. FINANCE COSTS

	2015 RMB'000	2014 RMB'000
Interest on bank borrowings	4,776	1,608
Interest on convertible loan notes	–	795
	4,776	2,403
Less: Interest on bank borrowings included in cost of sales	(4,776)	(1,608)
	–	795

Included in cost of sales are interest on bank borrowings amounting to RMB4,776,000 (2014:RMB1,608,000) under the finance leasing segment.

10. LOSS BEFORE TAX

	2015 RMB'000	2014 RMB'000
Loss before tax is arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**3,179**	2,940
Depreciation of investment properties	**–**	803
Amortisation of prepaid lease payments	**–**	1,369
Total depreciation and amortisation	**3,179**	5,112
Directors' emoluments (note 11)	**8,659**	3,824
Other staff costs:		
Salaries and other benefits	**84,501**	62,419
Contributions to retirement benefits schemes (note 12)	**12,863**	10,501
Share-based compensations (note 31)	**3,614**	–
Total staff costs	**109,637**	76,744
Gross rental income from investment properties	**–**	(635)
Direct operating expenses arising from investment properties that generated rental income	**–**	202
Direct operating expenses arising from investment properties that did not generate rental income	**–**	833
	–	400

10. LOSS BEFORE TAX (CONTINUED)

	2015 RMB'000	2014 RMB'000
Auditor's remuneration	**1,889**	1,294
Allowance for doubtful debts	**170**	268
Cost of inventories recognised as expenses	**114**	35
Cost of information service fees	**34,843**	25,687
Lease payments under operating leases in respect of land and buildings (note 36)	**7,693**	4,793
Legal and professional fees (Note)	**23,057**	12,469

Note: During the year ended 31 December 2015, legal and professional fees mainly related to various corporate projects of the Group, including (i) placing and subscription of the Company's ordinary shares, (ii) placing and subscription of unlisted warrants, (iii) grant of share options, (iv) valuation on the initial recognition of warrants, (v) acquisition of 30% equity interest in Sino-Agri Equipment Company Limited* 中農集團農業裝備有限公司 ("Sino-Agri Equipment") (formerly known as Sino-Agri Agricultural Machinery Holdings Company Limited* (中農集團農機控股有限公司), (vi) escrow for the deposits of potential investments, (vii) disposal of assets classified as held for sale, and (viii) legal proceedings for the default in finance lease receivables and loan receivables.

During the year ended 31 December 2014, legal and professional fees mainly related to various corporate projects of the Group, including (i) placing and subscription of the Company's ordinary shares, (ii) further capital contribution to China Coop Mengda, (iii) entering into of the memorandum of understanding in relation to an acquisition of an interest in Sino-Agri Equipment and (iv) entering into of the memorandum of understanding with Guangdong New Co-Op Skyrise Investment Co., Ltd.* 廣東新供銷天成投資有限公司 ("Guangdong New Co-Op Skyrise") in relation to a potential investment in tea leaves trading platform.

* The English name is for identification purpose only.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Director's remuneration for the year, disclosed pursuant to the applicable Listing Rules and CO, is as follows:

For the year ended 31 December 2015

Executive directors

	Chen Li-Jun RMB'000 (Chairman)	Ren Hai RMB'000	Peng Guojiang RMB'000	Wen Yuanyi RMB'000	Liu Yong RMB'000	Zhang Yuliang RMB'000 (resigned on 18 December 2015)	Total RMB'000
Fees	–	–	–	–	–	–	–
Other emoluments:							
Salaries, allowance and other benefits	3,145	159	159	159	159	122	3,903
Contributions to retirement benefits schemes	–	–	–	–	–	–	–
Share-based compensations (note 31)	602	120	402	2,369	602	43	4,138
Sub-total	3,747	279	561	2,528	761	165	8,041

Independent Non-executive directors

	Chiu Kam Hing, Kathy RMB'000	Ting Tit Cheung RMB'000	Fan Chung Yue, William RMB'000 (appointed on 12 January 2015)	Chan Siu Wing, Raymond RMB'000 (appointed on 11 September 2015 and resigned on 31 March 2016)	Law Yee Kwan Quinn RMB'000 (resigned on 25 June 2015)	Chu Kin Wang, Peleus RMB'000 (appointed on 25 June 2015 and resigned on 11 September 2015)	Total RMB'000
Fees	159	159	155	48	73	24	618
Other emoluments:							
Salaries, allowances and other benefits	–	–	–	–	–	–	–
Contributions to retirement benefits schemes	–	–	–	–	–	–	–
Sub-total	159	159	155	48	73	24	618
Total for directors							8,659

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

For the year ended 31 December 2014

Executive directors

	Chen Li-Jun RMB'000 (Chairman)	Ren Hai RMB'000	Peng Guojiang RMB'000	Zhang Yuliang RMB'000	Wen Yuanyi RMB'000	Liu Yong RMB'000 (appointed on 1 July 2014)	Zhang Yanhui RMB'000 (resigned on 12 June 2014)	Total RMB'000
Fees	–	–	–	–	–	–	–	–
Other emoluments:								
Salaries, allowances and other benefits	2,355	154	154	154	154	71	71	3,113
Contributions to retirement benefits schemes	–	–	–	–	–	–	–	–
Sub-total	2,355	154	154	154	154	71	71	3,113

Independent non-executive directors

	Chiu Kam Hing, Kathy RMB'000	Ting Tit Cheung RMB'000	Law Yee Kwan Quinn RMB'000	Tsai Jeng-Yang RMB'000 (resigned on 12 June 2014)	Shum Wan Lung RMB'000 (resigned on 31 December 2014)	Total RMB'000
Fees	154	154	154	95	154	711
Other emoluments:						
Salaries, allowance and other benefits	–	–	–	–	–	–
Contributions to retirement benefits schemes	–	–	–	–	–	–
Sub-total	154	154	154	95	154	711
Total for directors						3,824

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

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

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

No chief executive was appointed by the Group since then up to the report date of these consolidated financial statements on 31 March 2016.

No emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office during the current and prior years.

There were no arrangements under which a director waived or agreed to waive any remuneration during the current and prior years.

The five highest paid employees of the Group during the year included two directors (2014: one director), details of whose remuneration are set out in disclosure above. Details of the remuneration for the year of the remaining three (2014: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2015 **RMB'000**	2014 RMB'000
Salaries and other benefits	**6,172**	4,660
Contributions to retirement benefits scheme	**82**	149
Share-based compensations	**3,132**	–
	9,386	4,809

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

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

	2015 No. of employees	2014 No. of employees
Nil to HK$1,000,000	**–**	2
HK$1,000,001 to HK$1,500,000	**–**	1
HK$2,500,001 to HK$3,000,000	**1**	–
HK$3,000,001 to HK$3,500,000	**–**	1
HK$4,000,001 to HK$4,500,000	**1**	–
HK$4,500,001 to HK$5,000,000	**1**	–

12. RETIREMENT BENEFITS

Hong Kong

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee. During the year ended 31 December 2015, the retirement benefit scheme contributions to the MPF Scheme charged to profit or loss were amounting to RMB52,000 (2014: RMB57,000).

The PRC

The employees of the Group's PRC subsidiaries are members of a central pension scheme operated by the local government. The subsidiaries are required to contribute a certain percentage of the employees' monthly salaries to the central pension scheme to fund the employees' retirement benefits. During the year ended 31 December 2015, the Group's contributions to the central pension scheme amounting to RMB12,811,000 (2014: RMB10,444,000).

13. INCOME TAX EXPENSE

	2015 **RMB'000**	2014 RMB'000
Current tax:		
Hong Kong Profits Tax	**1,292**	–
PRC Enterprise Income Tax ("EIT")	**3,359**	3,605
Withholding tax charged on non-PRC tax resident	**1,339**	–
Underprovision in prior years:		
PRC EIT	**2,689**	10
	8,679	3,615
Deferred tax (note 21)		
– Credit for the year	**(286)**	(38)
	8,393	3,577

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit in current year. No provision for taxation in Hong Kong has been made in 2014 as the Group's income neither arises in, nor is derived from, Hong Kong.

According to PRC tax regulations, if a non-resident company derives China-source income from its establishments in the PRC, the relevant China-source income should be subject to PRC EIT at statutory tax rate of 25%, with assessable profits calculated either on an actual basis or by deemed profit method. As the principal location of business activities, which fall outside the scope of charge of Value-added Tax, was situated in the PRC, their income should be subject to Business Tax in the PRC, at 5% of the gross income.

Under the law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

On 15 February 2015 and 27 February 2015, Shanghai Qianlong Advanced Technology Company Limited* 上海乾隆高科技有限公司 ("Qianlong Advanced") and Shanghai Qianlong Network Technology Company Limited* 上海乾隆網絡科技有限公司 ("Qianlong Network") obtained the High-New Technology Enterprise Certificate and is entitled to enjoy the preferential EIT at the concessionary rate of 15% for three years from 2014 to 2016 according to Article 28 of the EIT Law, respectively.

13. INCOME TAX EXPENSE (CONTINUED)

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

	2015 **RMB'000**	2014 RMB'000
Loss before tax	**(621,815)**	(23,170)
Income tax calculated at PRC EIT rate of 25%[a]	**(155,454)**	(5,793)
Tax effect of expenses not deductible for tax purpose[b]	**162,216**	9,530
Tax effect of income not taxable for tax purpose	**(3,772)**	(2,791)
Tax effect of tax losses not recognised	**4,309**	3,644
Withholding tax charged on non-PRC tax resident	**1,339**	–
Utilisation of tax losses previously not recognised	**(192)**	(864)
Effect of preferential tax rate granted to the PRC subsidiaries	**(2,074)**	(159)
Effect of different tax rates of entity operating in Hong Kong	**(668)**	–
Underprovision in prior years	**2,689**	10
Income tax expense for the year	**8,393**	3,577

Notes:

(a) The Group's major operating subsidiaries are all located in the PRC and subjected to EIT. Accordingly, EIT rate is applied for tax reconciliation purpose.

(b) The amount mainly represented the tax effect arising from the loss on initial recognition of warrants, legal and professional fees incurred, impairment loss of finance lease receivables, impairment loss of loan receivables and share-based compensations.

* The English name is for identification purpose only.

14. LOSS PER SHARE

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

Loss

	2015 **RMB'000**	2014 RMB'000
Loss for the purposes of calculation of basic and diluted loss per share	**(607,921)**	(32,759)

Number of shares

	2015 **'000**	2014 '000
Weighted average number of ordinary shares for the purposes of calculation of basic and diluted loss per share	**1,797,344**	1,328,022

The weighted average number of shares for current year for the purposes of basic and diluted loss per share has been adjusted for i) the placing and subscription of the Company's ordinary shares in February and June 2015 (details are disclosed in notes 29(c) and 29(e)), ii) the exercise of warrants in June 2015 (details of the exercise of warrants are disclosed in note 33), and iii) the exercise of share options in December 2015 (details of the exercise of share options are disclosed in note 31).

For the year ended 31 December 2014, the weighted average number of shares for the purposes of basic and diluted loss per share had been adjusted for the i) the conversion of convertible loan notes in January 2014, ii) the subdivision of the Company's ordinary shares in February 2014 (details of the shares' subdivision are disclosed in note 29(a)); and iii) the placing and subscription of the Company's ordinary shares in October 2014 (details are disclosed in note 29(b)).

The computation of diluted loss per share in 2014 did not assume the conversion of the Company's outstanding convertible loan notes and the computation of diluted loss per share in 2015 did not assume the exercise of Company's outstanding warrants and share options, since assuming their conversion and exercise would result in a decrease in loss per share.

15. ASSETS CLASSIFIED AS HELD FOR SALE

The Group disposed of the investment properties during the year ended 31 December 2015 with the carrying value of RMB13,988,000 and the associated leasehold land with the carrying value of RMB36,960,000 in Shanghai for the consideration of RMB53,501,000, resulting a gain on disposal of assets classified as held for sale amounting to RMB1,987,000 after netting off the transaction cost of RMB566,000 is recognised in profit or loss.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RMB'000 (Note)	Leasehold improvements RMB'000	Computer equipment RMB'000	Furniture, fixtures and office equipment RMB'000	Total RMB'000
COST					
At 1 January 2014	34,455	6,361	5,819	989	47,624
Additions	–	724	497	39	1,260
Acquisition of a subsidiary	–	–	–	38	38
Written off	–	(1,320)	–	–	(1,320)
Exchange realignment	–	4	1	–	5
At 31 December 2014	34,455	5,769	6,317	1,066	47,607
Additions	–	69	1,496	487	2,052
Exchange realignment	–	93	12	5	110
At 31 December 2015	34,455	5,931	7,825	1,558	49,769
ACCUMULATED DEPRECIATION					
At 1 January 2014	11,241	5,088	4,655	581	21,565
Provided for the year	1,550	653	552	185	2,940
Written off	–	(1,320)	–	–	(1,320)
Exchange realignment	–	1	–	–	1
At 31 December 2014	12,791	4,422	5,207	766	23,186
Provided for the year	1,550	685	720	224	3,179
Exchange realignment	–	44	6	3	53
At 31 December 2015	14,341	5,151	5,933	993	26,418
CARRYING AMOUNTS					
At 31 December 2015	20,114	780	1,892	565	23,351
At 31 December 2014	21,664	1,347	1,110	300	24,421

Note: Since the land lease prepayment cannot be allocated reliably between the land and buildings elements at the inception of the lease, the entire lease prepayment is included in the cost of land and buildings as a finance lease in property, plant and equipment. The leasehold land and buildings of the Group are held in the PRC.

17. ACQUISITION OF A SUBSIDIARY

On 18 April 2014, the Group acquired approximately 41.18% equity interest in China Coop Mengda by capital injection of RMB70,000,000. Upon completion of the capital injection in China Coop Mengda, the Group is able to control over China Coop Mengda pursuant to the terms and conditions of the joint venture agreement because (i) the Group is able to form the quorum for the board of directors' meetings as a related party of the Group, which is an existing equity owner of China Coop Mengda that is entitled to appoint a member of the board of directors of China Coop Mengda, has irrevocably committed to attend the board of directors' meetings of China Coop Mengda; and (ii) the Group is able to appoint four out of seven members to the board of directors of China Coop Mengda to approve decisions on activities that significantly affect the returns of China Coop Mengda by simple majority votes. As such, China Coop Mengda is accounted for as a subsidiary of the Group. In addition, the Group is granted a call option by one of the equity owners of China Coop Mengda to acquire its entire equity interest (approximately 9.91% of the total registered capital) at any time within two years after the date of the joint venture agreement on 21 March 2014. This call option is measured at fair value and changes in its fair values are recognised in profit or loss.

China Coop Mengda is principally engaged in the provision of financial leasing services and was acquired with the objective of diversifying the Group's business.

Capital injection as consideration

	RMB'000
Cash	70,000

Acquisition-related costs amounting to amounting to RMB1,785,000 had been excluded from the cost of acquisition and had been recognised directly as an expense in 2014 and included in the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

17. ACQUISITION OF A SUBSIDIARY (CONTINUED)

Capital injection as consideration (Continued)

Assets and liabilities recognised at the date of acquisition were as follows:

	RMB'000
Office equipment	38
Finance lease receivables	111,703
Amounts due from equity owners	8
Other receivables	5,795
Tax recoverable	660
Cash and cash equivalents	32,837
Amount due to an equity owner	(235)
Other payables and accruals	(29,778)
Bank borrowing	(23,000)
	98,028

Goodwill arising on acquisition

	RMB'000	RMB'000
Cash consideration for investment in approximately 41.18% equity interest in China Coop Mengda		70,000
Plus: Non-controlling interests (approximately 58.82% in China Coop Mengda)		98,834
Less: Call option granted to the Group classified as other financial asset (note 40(c))		(624)
Less: Capital contribution by the Group	(70,000)	
Less: Net identifiable assets of China Coop Mengda before investment in China Coop Mengda by the Group	(98,028)	
Fair value of the net identifiable assets of China Coop Mengda		(168,028)
Goodwill (Note)		182

Note:

The directors of the Company has assessed whether there is any impairment on the goodwill as at 31 December 2015 and concluded that there is no impairment in respect of the goodwill.

17. ACQUISITION OF A SUBSIDIARY (CONTINUED)

Goodwill arising on acquisition (Continued)

The non-controlling interests (approximately 58.82% in China Coop Mengda) recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of China Coop Mengda after the capital contribution by the Group.

Goodwill arose on the acquisition of China Coop Mengda because the acquisition included a control premium. In addition, the consideration paid for the contribution effectively included amounts in relation to the benefit of expected revenue growth and future market development. These assets could not be separately recognised from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash inflow arising on acquisition

	RMB'000
Cash and cash equivalents balances acquired	32,837

A step acquisition agreement is signed for the acquisition of additional equity interests in China Coop Mengda and details of the acquisition are disclosed in note 34, the call option is lapsed.

For the purposes of impairment testing, goodwill has been allocated to the cash-generating unit ("CGU") represented by finance leasing.

The recoverable amount of the CGU arising from finance leasing division has been determined on the basis of value in use calculations. For the purpose of impairment testing, the value in use calculations use cash flow projections based on financial budgets approved by management covering a 5-year period and a pre-tax discount rate with reference to the People's Bank of China Renminbi Lending Rate ("PBOC rate") of 4.9% (2014: 6.15%) for finance leasing division. Cash flows beyond the 5-year period are extrapolated using zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflow/outflows which include budgeted revenue and gross margins during the budget period. Budgeted revenue and gross margins have been determined based on past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the above CGU to exceed the recoverable amount of the above CGU.

18. INTEREST IN AN ASSOCIATE

	2015 RMB'000	2014 RMB'000
Investment cost, unlisted	105,000	–

As at 31 December 2015, the Group completed the acquisition of 30% equity interest in Sino-Agri Equipment by the consideration of RMB105,000,000. Upon completion of the acquisition, the Group is beneficially interested in 30% equity interests in the Sino-Agri Equipment which would be accounted for as an interest in an associate in the consolidated financial statements of the Group. Details of the settlement arrangement of the acquisition costs are disclosed in note 23(b)(i).

Details of the above are set out in the announcements of the Company dated 29 April 2015, 3 August 2015, 12 August 2015, 31 December 2015 and circular of the Company dated 24 June 2015.

Details of the Group's associate at the end of the reporting period are as follows:

Name of entity	Country of establishment	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2015	2014	2015	2014	
Sino-agri Equipment	PRC	PRC	30%	–	30%	–	Manufacturing and trading of agricultural machineries, property development and property investment

The recoverable amount of the interest in an associate as at 31 December 2015 has been determined based on the Group's share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of each of the business units consisting of the manufacturing and trading of agriculture machineries, property development and property investment business. The cash flow projections for these businesses are based on financial budgets approved by management covering a 5-year period, after considered an applicable discount rate and growth rate after the 5-year period. Other key assumptions for the cash flow projections relate to the estimation of cash inflow/outflows which include budgeted revenue and gross margins during the budget period. Budgeted revenue and gross margins have been determined based on past performance and management's expectations for the market development.

18. INTEREST IN AN ASSOCIATE (CONTINUED)

Summarised financial information of the associate

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

The associate is accounted for using the equity method in these consolidated financial statements.

Sino-agri Equipment

	RMB'000
Current assets	850,701
Non-current assets	521,354
Current liabilities	(783,698)
Non-current liabilities	(287,573)
Revenue	762,764
Profit and total comprehensive income for the year	6,201

18. INTEREST IN AN ASSOCIATE (CONTINUED)

Sino-agri Equipment (Continued)

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

	RMB'000
Net assets of Sino-Agri Equipment	300,784
Proportion of the Group's ownership interest in Sino-Agri Equipment	30%
Proportion of Group's interests	90,235
Provisional goodwill	14,765
Carrying amount of the Group's interest in Sino-Agri Equipment	105,000

At the end of the reporting period, the allocation of the cost of acquisition to the identifiable assets and liabilities of an associate is pending the completion of the appraisal of certain intangible assets acquired (if any), which is expected to be completed during the year ending 31 December 2016. Accordingly, the above goodwill arising on the acquisition is a provisional amount and may change upon the completion of the appraisal.

19. AMOUNTS DUE FROM RELATED PARTIES

	2015 RMB'000	2014 RMB'000
Shi Jia Zhuang Ao Yuan Trading Company Limited* (Note a)	**1,220,380**	–
A subsidiary of China Co-Op Group Company Limited* 中國供銷集團有限公司 ("China Co-op") (Note b)	**600,000**	–
A subsidiary of China Co-op (Note c)	**40,000**	–
	1,860,380	–
Less: allowance for doubtful debt	**(40,000)**	–
Amounts shown under non-current assets	**1,820,380**	–

19. AMOUNTS DUE FROM RELATED PARTIES (CONTINUED)

Notes:

(a) Amount represented an earnest money paid to Shi Jia Zhuang Ao Yuan Trading Company Limited* 石家莊奧源貿易有限公司 ("Ao Yuan"), a substantial shareholder of a non-wholly owned subsidiary of the Company and a subsidiary of China Co-op, for a potential acquisition of entire equity interest of China Cooperation (Shanghai) Real Estate Co. Ltd.* 中合(上海)置業有限公司 (the "Target Company"). The amount was settled by i) financing from third parties which were fully repaid during the year ended 31 December 2015 amounting to RMB246,300,000, ii) transferred from an earnest money regarding the potential investment in the Investment Fund (defined below) amounting to RMB250,000,000 and details disclosed in note 41(d) and iii) the internal fund of the Company amounting to RMB723,700,000. The amount is unsecured, interest bearing of 0.35% per annum and repayable on demand and as at 31 December 2015. The accrued interest income of the earnest money is RMB380,000 (2014: Nil).

The amount was designated as the potential acquisition of equity interest of the Target Company and classified as non-current assets. In the event that the formal agreement fails to complete within six months after entering into the escrow agreement, Ao Yuan shall refund the earnest money together with the accrued interest to the Company. In March 2016, the amount of RMB1,220,000,000 is fully refunded to the Group.

Details of the above are set out in the Company's announcement dated 14 March 2016.

(b) Amount represented an earnest money to a subsidiary of Coopinvest Company Limited* 中合聯投資有限公司 ("China Coopinvest") for a potential investment in an investment fund with China Co-Op (Shanghai) Equity Investment Fund Management Company Limited* 中合供銷(上海)股權投資基金管理有限公司 (the "Investment Fund") (see note 41(d)). The amount is unsecured, interest-free and repayable on demand.

The amount was designated as the potential investment in the Investment Fund and classified as non-current assets. The parties are still in discussion in respect of the potential investment, the earnest money would be returned to the Company. In March 2016, the amount of RMB600,000,000 is fully refunded to the Group.

Details of the above are set out in the announcements of the Company dated 25 August 2015, 27 August 2015 and 31 December 2015.

(c) The amount was unsecured, interest-free and repayable on demand. In the opinion of the directors of the Company, the amount of RMB40,000,000 as at 31 December 2015 cannot be recovered and was fully impaired.

* The English name is for identification purpose only.

20. FINANCE LEASE RECEIVABLES

	Minimum lease receipts		Present value of minimum lease receipts	
	2015 RMB'000	2014 RMB'000	**2015 RMB'000**	2014 RMB'000
Finance lease receivables comprise:				
Within one year	**56,112**	62,149	**52,565**	58,160
In more than one year but not more than two years	**43,883**	50,861	**38,423**	42,209
In more than two years but not more than five years	**12,720**	13,332	**10,691**	10,096
	112,715	126,342	**101,679**	110,465
Finance lease receivable overdue and in default	**26,371**	–	**26,371**	–
Less: Unearned finance lease income	**(11,036)**	(15,877)	**N/A**	N/A
Present value of minimum lease receipts	**128,050**	110,465	**128,050**	110,465

	2015 RMB'000	2014 RMB'000
Analysed as:		
Current finance lease receivables (receivable within twelve months)	**74,581**	52,027
Non-current finance lease receivables (receivable after twelve months)	**53,469**	58,438
	128,050	110,465
Fixed-rate finance lease receivables	**60,795**	88,202
Variable-rate finance lease receivables	**67,255**	22,263
	128,050	110,465

20. FINANCE LEASE RECEIVABLES (CONTINUED)

Effective interest rates per annum of the above finance lease receivables on twelve (2014: nine) lease agreements as at 31 December 2015 are as follows:

	2015	2014
Effective interest rates		
Fixed-rate finance lease receivables	6.94% to 12.58%	12.60%
Variable-rate finance lease receivables	10.69% to 11.20%	12.00% to 12.60%

Interest rate of variable-rate finance lease receivables is reset when there is a change of the PBOC rate.

As at 31 December 2015, the carrying value of the finance lease receivables which have been pledged against specific bank borrowings granted to Group (note 27) amounting to RMB53,351,000 (2014: RMB77,555,000). The pledges will be released upon the settlement of bank borrowings.

Finance lease receivables are secured over the leased assets including but not limited to machineries, motor vehicles, fixtures and electrical equipment leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee. The lessees are entitled to exercise an option to purchase the entire leased assets at the end of the lease term at a nominal price of RMB1 or RMB100.

The lease term of the lease agreements are between one to three years. The lessee is required to compensate the Group for an amount equivalent to the outstanding finance lease receivable if the lessee cancels the lease.

All the Group's finance lease receivables are denominated in RMB.

During the year ended 31 December 2014, the principal amount of RMB70,000,000 of a finance lease receivable from a related party was early settled. As at 31 December 2014, there was no finance lease receivable balance from a related party. However, its finance lease income receivable amounting to RMB4,224,000 was still not yet received and classified as other receivable as at 31 December 2014 and subsequent to the year ended 31 December 2014, the finance lease income receivable was received by the Group in March 2015.

As at 31 December 2015, there is a finance lease receivable amounting to RMB34,424,000 from a related party. The details and relationship with related party are set out in note 38.

20. FINANCE LEASE RECEIVABLES (CONTINUED)

The following is an aged analysis of the net carrying amount of finance lease receivable at the end of the reporting period which is past due and impaired:

	2015 RMB'000	2014 RMB'000
Within three months	8,458	–
From three to six months	14,218	–
Over six months	3,695	–
	26,371	–

Included in the Group's finance lease receivables is a net carrying amount of RMB26,371,000 (2014: Nil) as at 31 December 2015 which relate to receivables from a third party lessee which is past due and impaired. As the result of the default in payment by the lessee as set out below in relation to the litigation with the lessee, the finance lease receivables from the lessee has been impaired and impairment loss RMB71,011,000 has been recognised for the year ended 31 December 2015.

Litigation for the default payment of finance lease agreements

On 24 July 2015, a third party lessee failed to pay the rental payment to the Group in a sum of RMB7,248,000 (including the interest payment) pursuant to the finance lease agreements entered between such lessee and the Group. The lessee denied the authenticity of the finance lease agreements with the Group.

On 12 August 2015, the Group initiated court proceedings (the "Litigation") against this lessee and 上海京文電子科技有限公司, the designated payer of the transactions contemplated under the finance lease agreements, in relation to the default of the finance lease agreements for the compensation of the outstanding finance lease receivables.

An associate of one of the shareholders of China Coop Mengda (the "Guarantor"), an indirectly non-wholly owned subsidiary of the Group, has provided a letter of guarantee in favour of the Group to guarantee the settlement of the outstanding finance lease receivables at the inception of the finance lease arrangement. Subsequent to the end of reporting period, the Guarantor has deposited an amount of RMB26,371,000 to the bank of the Group to secure for the default payment of the finance lease receivables.

The directors considered the remaining balance of finance lease receivables amounting to RMB71,011,000 under the Litigation cannot be recoverable, and thus such receivables has been fully impaired at the end of the reporting period.

21. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2015 RMB'000	2014 RMB'000
Deferred tax assets	(581)	(295)
Deferred tax liability	36,526	–
	35,945	(295)

The following are the major deferred tax liability (assets) recognised and movements thereon during the current and prior years:

	Allowance for doubtful debts RMB'000	Other deductible temporary differences RMB'000	Withholding Tax RMB'000	Total RMB'000
At 1 January 2014	(7)	(250)	–	(257)
(Credit) charge to profit or loss for the year	(41)	3	–	(38)
At 31 December 2014	(48)	(247)	–	(295)
Credit to profit or loss for the year	(42)	(244)	–	(286)
Charge to equity for the year	–	–	36,526	36,526
At 31 December 2015	(90)	(491)	36,526	35,945

At the end of the reporting period, the Group has unused tax losses of amounting to RMB45,277,000 (2014: RMB28,811,000) available for offset against future profits. The unused tax losses can be carried forward for five years from the year they were incurred. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses of RMB1,911,000, RMB5,870,000, RMB5,682,000, RMB14,578,000 and RMB17,236,000 will expire in 2016, 2017, 2018, 2019 and 2020, respectively (2014: RMB1,913,000, RMB6,638,000, RMB5,682,000 and RMB14,578,000 will expire in 2016, 2017, 2018 and 2019, respectively).

Under the EIT Law, 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 amounting to RMB71,976,000 (2014: RMB49,571,000) 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.

22. INVENTORIES

	2015 RMB'000	2014 RMB'000
Accessories	19	26
Finished goods	17	11
	36	37

23. TRADE AND OTHER RECEIVABLES/DEPOSITS AND PREPAYMENTS

(a) Trade and other receivables

	2015 RMB'000	2014 RMB'000
Trade receivables	10,639	2,636
Less: allowance for doubtful debts	(487)	(317)
	10,152	2,319
Loan receivables (Note)	116,217	62,568
Less: allowance for doubtful debts	(54,952)	–
	61,265	62,568
VAT receivables	36,995	20,832
Other receivables	3,181	9,292
Receivable of fund management services income and financing income from a related party	43,280	–
	83,456	30,124
	154,873	95,011

The Group's policy is to allow an average credit period of 30 days (2014: 30 days) from the date of billing to its trade customers. All trade receivables are denominated in RMB.

23. TRADE AND OTHER RECEIVABLES/DEPOSITS AND PREPAYMENTS (CONTINUED)

(a) Trade and other receivables (Continued)

Note: The amount represents five loans (2014: five loans) advanced to four (2014: four) independent corporations at the end of the reporting period.

As at 31 December 2014, two loans advanced to two independent corporations amounting to RMB40,000,000 during the year ended 31 December 2014 were unsecured and guaranteed by an independent financial guarantee company and indemnified by a major shareholder of the Company, bearing fixed interest rate of 16.8% per annum and repayable within one year. During the year ended 31 December 2015, the above two loans amounting to RMB40,000,000 had been renewed without guarantee and indemnification. The Group reviews the recoverable amount of these two loan receivables as at 31 December 2015, and considered that these two independent corporations were under severe financial difficulties. In the opinion of the directors of the Company, these amounts cannot be recovered and the remaining balances as at 31 December 2015 amounting to RMB39,952,000 were fully impaired.

The remaining three loans receivables amounting to RMB22,568,000 as at 31 December 2014 were unsecured and bearing a fixed interest rate of 18% per annum which advanced to two independent corporations. Pursuant to the fund transfer agreement, these two independent corporations settled the loans with relevant interest total amounting to RMB24,000,000 directly to an independent corporation as new borrower in March 2015 and constituted a major non-cash transaction as disclosed in note 41(e). The loan is unsecured, unguaranteed, bearing a fixed interest rate of 5.3% per annum and repayable within one year. As at 31 December 2015, the accrued interest for the above loan is at approximately RMB900,000. Up to the end of the year 2015, an amount of RMB8,000,000 was settled. Subsequently, the remaining principal amount of RMB16,000,000 is settled in February 2016.

In January 2015, a loan of principal amount of RMB25,000,000 was advanced to an independent corporation, which is unsecured, unguaranteed and bearing a fixed interest rate of 1.8% per month and repayable in August 2015. In July 2015, the Group agreed with this independent corporation for extension of loan period to December 2015 and all the relevant interest has been fully settled as at 31 December 2015. Subsequent to the end of the reporting period, this independent corporation has settled a receivable amounting to RMB10,000,000. In the opinion of the directors of the Company, the remaining loan receivable amounting to RMB15,000,000 as at 31 December 2015 cannot be recovered and was fully impaired.

In May 2015, a loan of principal amount of RMB33,300,000 was advanced to an independent corporation, which is unsecured, unguaranteed, bearing fixed interest rate of 5.3% per annum and repayable within one year. As at 31 December 2015, the accrued interest income of the loan is at approximately RMB1,065,000.

Subsequently, the principal amount of RMB9,000,000 is early settled in February 2016. The remaining balance has not yet past due.

23. TRADE AND OTHER RECEIVABLES/DEPOSITS AND PREPAYMENTS (CONTINUED)

(a) Trade and other receivables (Continued)

The following is an aged analysis of trade receivables net of allowance for doubtful debts based on the invoice date at the end of the reporting period:

	2015 RMB'000	2014 RMB'000
0 to 30 days	**9,194**	1,532
31 to 90 days	**87**	218
91 to 365 days	**745**	385
Over 365 days	**126**	184
	10,152	2,319

Before accepting any new customers, the Group assesses the potential customer's credit quality and defines its credit limit based on the reputation of the customers in the industry. Limits attributed to customers are reviewed regularly.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB958,000 (2014: RMB787,000) which are past due as at the reporting date for which the Group has not provided for impairment loss.

Trade receivables that were past due but not impaired relate to a number of independent customers that have good track records with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group does not hold any collateral over these balances.

23. TRADE AND OTHER RECEIVABLES/DEPOSITS AND PREPAYMENTS (CONTINUED)

(a) Trade and other receivables (Continued)

Aged analysis of trade receivables which are past due but not impaired is as follows:

	2015 RMB'000	2014 RMB'000
31 to 90 days	87	218
91 to 365 days	745	385
Over 365 days	126	184
	958	787

Movement in the allowance for doubtful debts in respect of trade receivables is as follows:

	2015 RMB'000	2014 RMB'000
At the beginning of year	317	49
Allowance for doubtful debts	170	268
At the end of year	487	317

23. TRADE AND OTHER RECEIVABLES/DEPOSITS AND PREPAYMENTS (CONTINUED)

(b) Deposits and prepayments

	2015 RMB'000	2014 RMB'000
Deposits	2,014	776
Prepaid professional fee	–	568
Prepaid data fee	8,058	1,550
Prepaid rent	868	752
Prepaid network custody fee	490	319
Earnest money paid for potential investments (Note)	149,109	301,948
Others	1,685	2,493
	162,224	308,406
Less: Amounts shown under current assets	(13,115)	(6,458)
Amounts shown under non-current assets	149,109	301,948

Note: the amount represents earnest money paid:

i. to a PRC lawyer during the year ended 31 December 2014 in relation to a potential acquisition of an interest in Sino-agri Equipment Co., Ltd. principally engaged in the manufacturing and sales of agricultural machinery, amounting to RMB152,839,000, details of this potential acquisition were set out in the announcements of the Company dated 4 August 2014, 2 December 2014, 29 April 2015, 3 August 2015 and 12 August 2015; and the circular of the Company dated 24 June 2015. The deposit was classified as non-current asset as at 31 December 2014. Prior to settlement of the acquisition costs, the Group withdrawn the deposits from the PRC lawyer and settled the consideration during the year ended 31 December 2015. The acquisition was completed on 31 December 2015 and details were set out in the announcement of the Company dated 31 December 2015.

ii. to a private company incorporated in Marshall Islands as escrow agent during the year ended 31 December 2014 in relation to a cooperation framework agreement entered into between the Company and Guangdong Agricultural Means of Production Company Corporation* 廣東省農業生產資料總公司 ("Guangdong-agri Group") regarding a possible capital injection by the Company in Guangdong New Co-Op Skyrise, amounting to RMB149,109,000. On 19 January 2016, the parties entered into a third supplemental framework agreement pursuant to which the parties agreed to finalise the terms of the possible capital injection and execute the formal agreement on or before 31 March 2016 (the "Deadline"). If the parties cannot enter into a formal agreement before the expiry of the Deadline, the parties shall agree on another date for entering into a formal agreement within three business day upon the expiry of the Deadline. If the parties agree not to proceed with the possible capital injection or the parties fail to reach a consensus, the Company shall have the right to request the escrow agent to release the earnest money to the designated account of the Company. Up to the date of these consolidated financial statements were authorised for issuance, the directors of the Company are still in negotiation with Guangdong-agri Group to enter into a new supplemental agreement for the new deadline.

   Details of the above are set out in the announcements of the Company dated 24 December 2014, 22 May 2015, 20 August 2015 and 19 January 2016. The deposit is classified as a non-current asset as at 31 December 2015 and 31 December 2014.

* The English name is for identification purpose only.

24. STRUCTURED DEPOSIT

The structured deposit as at 31 December 2015 represented deposit of RMB16,000,000 denominated in RMB and was issued by bank in the PRC. The structured deposit carries interest at expected interest rate that range from 2.30% to 4.12% per annum, which is linked to the performance of the underlying money market instruments, debt and equity instruments, payable on maturity within one year from the date of purchase. The structured deposit is designated at fair value through profit or loss on initial recognition as it contains non-closely related embedded derivative. The directors considered the fair value of the structured deposit approximates its carrying value (see note 40(c)).

The structured deposit was fully redeemed in March 2016. The change in fair value up to the date of redemption was not significant.

No change in fair value for the structured deposit that have been matured is recognised for the year ended 31 December 2015 as the effect is not significant.

25. CASH AND CASH EQUIVALENTS

	2015 **RMB'000**	2014 RMB'000
Bank balances and cash	**208,291**	162,642
Time deposits	**57,000**	28,000
	265,291	190,642

Cash at banks and time deposits carry interest at market rate which range from 0.01% to 1.35% (2014: 0.35% to 2.85%) per annum. Short term time deposits are made for varying periods within three months depending on the immediate cash requirements of the Group.

26. TRADE AND OTHER PAYABLES

	2015 RMB'000	2014 RMB'000
Trade payables	**1,580**	1,344
Salaries and bonus payables	**19,128**	12,943
Receipts in advance	**1,136**	1,040
Accruals	**13,727**	7,371
Payables to agricultural merchants (Note)	**–**	217
Other tax payables	**26,196**	3,542
Other payables	**2,653**	6
Payable for acquisition cost of China Coop Mengda (Note 34)	**11,950**	–
	76,370	26,463

The following is an aged analysis of trade payables, based on the invoice date, at the end of the reporting period.

	2015 RMB'000	2014 RMB'000
0 to 30 days	**1,009**	673
31 to 90 days	**571**	671
	1,580	1,344

The average credit period on purchases of goods ranges from 30 to 90 days (2014: ranges from 30 to 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

All other payables and accruals are expected to be settled within one year.

26. TRADE AND OTHER PAYABLES (CONTINUED)

Note: Beijing Guonong Taifeng Agricultural Consultancy Co., Ltd.* 北京市國農泰豐農業諮詢有限公司 ("Beijing Guonong Taifeng"), a subsidiary of the Group mainly focused on the provision of agricultural financial services and in particular finance and payment services with focus on Beijing and Hebei Province of the PRC. Beijing Guonong Taifeng has obtained the required license and permits for the operation of its business, including the payment business for handling prepaid card issuance and acceptance business.

As at 31 December 2014, amount represented payables to merchants for such agricultural financial services business. Its corresponding bank receipts amounting to RMB217,000 were deposited into a restricted bank account held by the Group which was shown as a restricted bank deposit which carried interest at average interest rate of 0.35% per annum.

* The English name is for identification purpose only.

27. BANK BORROWINGS

	2015 RMB'000	2014 RMB'000
Secured bank loans		
– variable-rate RMB bank loans	**94,760**	90,983
Carrying amount repayable (Note):		
Within one year	**53,071**	36,223
More than one year, but not exceeding two years	**28,299**	40,021
More than two years, but not more than five years	**13,390**	14,739
	94,760	90,983
Less: Amounts shown under current liabilities	**(53,071)**	(36,223)
Amounts shown under non-current liabilities	**41,689**	54,760

Note: The amounts are based on scheduled repayment dates set out in the loan agreements.

During the year ended 31 December 2015, the Group obtained a new bank loan of RMB40,000,000 (2014: RMB79,000,000). The loans carry interest at variable-rate at 4.51% to 7.38% per annum (2014: 6.6% to 7.38%). The loans are secured by the Group's finance lease receivables. The proceeds were mainly used as funding for finance leasing business and general banking capital for the Group for the years ended 31 December 2015 and 2014.

28. DEFERRED REVENUE

	2015 RMB'000	2014 RMB'000
Amounts to be recognised as revenue within one year, classified as current liabilities	**69,969**	44,449
Amounts to be recognised as revenue after one year, classified as non-current liabilities	**20,221**	12,095
	90,190	56,544

Deferred revenue represents maintenance service and usage fees received in advance at the end of the reporting period and amortised over the contract period.

29. SHARE CAPITAL

	Number of ordinary shares '000	Share capital RMB'000
Authorised:		
At 1 January 2014 – Ordinary shares of HK$0.10 each	1,000,000	106,510
Share subdivision (Note a)	3,000,000	–
At 31 December 2014 and 2015 – Ordinary shares of HK$0.025 each	4,000,000	106,510
Issued and fully paid:		
At 1 January 2014 – Ordinary shares of HK$0.10 each	252,600	26,128
Conversion of convertible loan notes	79,478	6,247
Share subdivision (Note a)	996,232	–
Issue of shares (Note b)	125,661	2,488
At 31 December 2014 – Ordinary shares of HK$0.025 each	1,453,971	34,863
Issuance of new shares (Note c)	314,737	6,229
Issuance of shares upon exercise of warrants (Note d)	291,281	5,742
Issuance of new shares (Note e)	58,000	1,139
Exercise of share options (Note f)	5,270	109
At 31 December 2015 – Ordinary shares of HK$0.025 each	2,123,259	48,082

29. SHARE CAPITAL (CONTINUED)

All the shares issued by the Company rank pari passu and do not carry pre-emptive rights.

Notes:

(a) On 10 February 2014, the shareholders of the Company passed the resolution of each existing issued and unissued share of HK$0.10 each in the existing share capital of the Company be subdivided into four subdivided shares of HK$0.025 each in the share capital of the Company (the "Share Subdivision") and the authorised share capital of the Company is HK$100,000,000 divided into 4,000,000,000 shares of HK$0.025 each immediately upon the share subdivision being effective.

(b) Upon the completion of share placing and subscription by third parties and Parko on 22 October 2014, the Company issued 125,660,900 ordinary shares at the price of HK$3.00 per share.

(c) Upon the completion of share placing and subscription by third parties and Parko on 6 February 2015, the Company issued 314,737,000 ordinary shares at the price of HK$3.00 per share.

(d) Upon the completion of unlisted warrants placement and subscription by third parties and Parko on 2 June 2015, the warrant holders are entitled to exercise the warrants to subscribe for shares of the Company at an exercise price of HK$3.00 each. During the year ended 31 December 2015, 291,281,500 warrants were exercised and 291,281,500 shares were issued by the Company.

(e) Upon the completion of share placing to third parties on 23 June 2015, the Company issued 58,000,000 new shares at the price of HK$4.25 per share.

(f) On 2 April 2015, the Company granted 19,500,000 share options to the directors and the employees under the share option scheme as disclosed in note 31. The option holders are entitled to exercise the options to subscribe the share of the Company at an exercise price of HK$2.33 each after the vesting date. 5,270,000 share options were exercised during the year ended 31 December 2015 as disclosed in note 31.

30. NON-CONTROLLING INTERESTS

	Share of net assets of subsidiary RMB'000
Acquisition of a subsidiary (note 17)	98,834
Share of profit for the year	6,012
Payment of dividend	(3,204)
At 31 December 2014	101,642
Share of loss for the year (Note)	(22,287)
Acquisition of additional equity interest in a subsidiary (note 34)	(37,045)
Payment of dividend	(435)
At 31 December 2015	41,875

Note: As at 31 December 2015, the non-controlling interest of Beijing Guonong Taifeng, Xinyuan Taifeng Agricultural Asset Management (Beijing) Company Limited* 新源泰豐農業資產管理(北京)有限公司 ("Xinyuan") had not completed the committed capital injection amounting to RMB14,500,000 to Beijing Guonong Taifeng within one year as per relevant agreement. On 28 December 2015, Xinyuan has signed a declaration that Xinyuan had forfeited its rights on sharing the net assets and profit of Beijing Gounong Taifeng since its incorporation.

* The English name is for identification purpose only.

31. SHARE OPTION SCHEME

The Company has adopted a share option scheme on 12 June 2014 to provide incentives and rewards to the director and employees of the Group for their future contribution and to retain key and senior employees of the Group. The total number of options granted under the share option scheme was 19,500,000 on 2 April 2015. The directors and the employees under the share option scheme are required to complete the service period until the vesting date. The subscription price for the shares under the share option scheme is at HK$2.33.

The fair value of these options at date of grant was amounting to HK$15,592,000 (equivalent to RMB12,299,000), of which RMB7,752,000 was charged to the profit or loss for the year ended 31 December 2015.

The following table summarises information about the share options outstanding and exercisable for the year ended 31 December 2015:

				Number of share options				
Category of grantees	Date of grant	Exercise period	Exercise price per share	Outstanding at 1.1.2015	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31.12.2015
Directors of the Company	2.4.2015	8.4.2015 – 7.4.2016	2.33	–	3,150,000	(2,610,000)	(90,000)	450,000
	2.4.2015	8.4.2016 – 7.4.2017	2.33	–	3,150,000	–	(90,000)	3,060,000
	2.4.2015	10.4.2017 – 6.4.2018	2.33	–	4,200,000	–	(120,000)	4,080,000
Employees of the Group	2.4.2015	8.4.2015 – 7.4.2016	2.33	–	2,700,000	(2,660,000)	–	40,000
	2.4.2015	8.4.2016 – 7.4.2017	2.33	–	2,700,000	–	–	2,700,000
	2.4.2015	10.4.2017 – 6.4.2018	2.33	–	3,600,000	–	–	3,600,000
Total				–	19,500,000	(5,270,000)	(300,000)	13,930,000
Exercisable at year end								490,000

During the year ended 31 December 2015, the proceeds from exercising 5,270,000 share options is approximately RMB11,116,000 (2014: Nil).

31. SHARE OPTION SCHEME (CONTINUED)

The fair value of the share option is measured by Black-Scholes Model, using the following assumption:

Share price (HK$)	2.33
Exercise price (HK$)	2.33
Risk-free rate	0.674%
Expected dividend yield	0%
Expected volatility	64.298%
Expiry date	7 April 2016, 7 April 2017, 6 April 2018
Suboptimal factor	3.0

32. SHARE AWARD SCHEME

During the year ended 31 December 2015, the Company established a Share Award Scheme (the "Scheme") to recognise the contributions by employees and other eligible persons and to provide incentives in order to retain them for the continuing operation and development of the Group, as well as to attract suitable personnel for further development of the Group. Pursuant to the Scheme, existing shares of up to 10% of the issued share capital of the Company as at the date of adoption of the Scheme will be purchased by the trustee from the market out of cash contributed by the Group and be held on trust for the relevant selected grantees until such shares are vested with the relevant selected grantees in accordance with the rules of the Scheme.

A selected grantee may be required to pay a grant price which represents a discount to the closing price of the shares on the date of granting the shares. In determining the grant price, the implementation committee shall take into account, among other things, the performance of the relevant selected grantee and/or his contributions to the Group of the Scheme and the market price of the shares at the date of granting the shares. The terms and conditions, including the vesting period, of any shares granted with grant price shall be subject to the rules of the Scheme.

During the year ended 31 December 2015, the Company has repurchased 15,198,000 own shares amounting to RMB30,580,000 through its trustee and recognised in treasury shares reserve. No shares were granted to employees and other eligible persons under the Scheme during the year ended 31 December 2015.

33. WARRANTS

On 28 January 2015, the Company entered into a placing agreement with a placing agent, pursuant to which, the Company has conditionally agreed to issue and the placing agent has conditionally agreed to procure, on a best effort basis, not less than six placees to subscribe for up to 141,463,000 warrants at an issue price of HK$0.189 per warrant. The placing warrants will entitle the holders to subscribe for up to 141,463,000 new shares at an exercise price of HK$3.0 per share (subject to adjustments). On the same date, the Company also entered into a subscription agreement with Parko, pursuant to which, the Company has conditionally agreed to issue and Parko has conditionally agreed to subscribe for up to 212,194,500 warrants at an issue price of HK$0.189 per warrant. The subscription warrants will entitle the holders to subscribe for up to 212,194,500 new shares at an exercise price of HK$3.0 per share (subject to adjustments).

Each warrant carries the right to subscribe for one share within twelve months from the date of the issue of the warrants. 353,657,500 placing and subscription warrants were subsequently issued on 2 June 2015 at the price of HK$0.189 per warrant and was classified as equity instruments. All the substantive conditions for the issue of the warrants were achieved on 13 May 2015.

The warrants were recognised at fair value, determined based on the valuations performed by an independent professional valuer using the Black-Scholes Model with the following key assumptions:

Share price (HK$)	4.51
Exercise price (HK$)	3.0
Volatility	49.738%
Remaining life	365 days
Risk free interest rate	0.674%

The warrants were measured at fair value of HK$608,400,000 (equivalent to approximately RMB477,290,000) at the initial recognition, and were credited to warrant reserve. The excess of the fair value of the warrants over the consideration of issuance of warrants of approximately HK$66,845,000 (equivalent to approximately RMB52,440,000) amounting to approximately HK$541,556,000 (equivalent to approximately RMB424,850,000) was recognised as a loss in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015.

Warrants of 291,281,500 shares were exercised at the price of HK$3.0 during the year, and were credited to share capital with an amount of HK$7,282,000 (equivalent to approximately RMB5,742,000). The excess of the exercise price over the par value, amounting to HK$866,562,000 (equivalent to approximately RMB683,005,000) was recognised as share premium.

34. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries at 31 December 2015 and 2014 are as follows:

Name of company	Place of incorporation/ establishment/ operations and legal entity status	Percentage of equity interest Directly 2015 %	Directly 2014 %	Indirectly 2015 %	Indirectly 2014 %	Issued and fully paid ordinary share capital/ registered capital	Principal activities
Ever Harvest Inc. Limited	Hong Kong (limited liability)	**100**	100	**–**	–	Ordinary shares of HK$10,000 and paid up capital of HK$1	Investment holding
Hebei Baihao Commercial and Trading Co. Ltd. 河北百豪商貿有限公司	PRC (wholly foreign-owned enterprise)	**–**	–	**100**	100	Registered capital of US$100,000 and paid up capital of US$100,000	Inactive
China Coop Mengda** 中合盟達融資租賃有限公司 (note 17)	PRC (sino-foreign equity joint venture company)	**–**	–	**81.26**	41.18	Registered capital of RMB353,000,000 and paid up capital of RMB211,230,000	Provision of financial leasing services
Beijing Guonong Taifeng** 北京市國農泰豐農業諮詢有限公司 (Note)	PRC (sino-foreign equity joint venture company)	**–**	–	**71**	71	Registered capital of RMB50,000,000 and paid up capital of RMB9,992,000	Provision of agricultural financial services
Qianlong Computers Company Limited	Hong Kong (limited liability)	**100**	100	**–**	–	Ordinary shares of HK$10,000 and paid up capital of HK$10,000	Investment holding
Qianlong Advanced** 上海乾隆高科技有限公司	PRC (wholly foreign-owned enterprise)	**–**	–	**100**	100	Registered capital of US$5,950,000 and paid up capital of US$5,950,000	Development and trading of computer software and the provision of related maintenance, usage and information services
Qianlong Network** 上海乾隆網絡科技有限公司	PRC (wholly foreign-owned enterprise)	**–**	–	**100**	100	Registered capital of RMB10,000,000 and paid up capital of RMB10,000,000	Development and trading of computer software and the provision of related maintenance, usage and information services
Shanghai Xin Long** 上海信龍信息科技有限公司	PRC (wholly foreign-owned enterprise)	**–**	–	**100**	100	Registered capital of RMB5,000,000 and paid up capital of RMB5,000,000	Development of finance database products

34. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name of company	Place of incorporation/ establishment/ operations and legal entity status	Percentage of equity interest Directly 2015 %	2014 %	Indirectly 2015 %	2014 %	Issued and fully paid ordinary share capital/ registered capital	Principal activities
FFA Investment Holdings Limited	British Virgin Islands (limited liability)	100	100	–	–	Ordinary shares of US$50,000 and paid up capital of US$50,000	Investment holding
FFA (HK) Limited	Hong Kong (limited liability)	–	–	100	100	Ordinary shares of HK$10,000 and paid up capital of HK$10,000	Inactive
National Agricultural Investment Holdings Limited	British Virgin Islands (limited liability)	100	100	–	–	Ordinary shares of US$50,000 and paid up capital of US$50,000	Investment holding
National Agricultural Investment Limited	Hong Kong (limited liability)	–	–	100	100	Ordinary shares of HK$10,000 and paid up capital of HK$10,000	Inactive
State Agricultural Holdings Limited	British Virgin Islands (limited liability)	100	100	–	–	Ordinary shares of US$50,000 and paid up capital of US$50,000	Investment holding
Guangzhou Agri-pay Agricultural Limited** 廣州農匯通農業有限公司*	PRC (wholly foreign-owned enterprise)	–	–	100	–	Registered capital of RMB50,000,000 and paid up capital of nil	Inactive
Yi-Agri Investment Management (Shanghai) Company Limited** 怡農投資管理(上海)有限公司*	PRC (wholly foreign-owned enterprise)	–	–	100	–	Registered capital of RMB500,000,000 and paid up capital of RMB105,867,295	Investment holding

* Established in 2015.

** The English name is for identification purpose only.

Note: As at 31 December 2015, the non-controlling interests of Beijing Gounong Taifeng, Xinyuan had not completed the committed capital injection amounting to RMB14,500,000 to Beijing Guonong Taifeng within 1 year as per relevant agreement. On 28 December 2015, Xinyuan had signed a declaration that Xinyuan has forfeited its rights on sharing the net assets and profit of Beijing Gounong Taifeng since its incorporation.

None of the subsidiaries had issued any debts securities at the end of the year.

34. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Details of non-wholly owned subsidiary that have material non-controlling interests

The table below shows details of a non-wholly-owned subsidiary of the Group that have material non-controlling interests:

Name of subsidiary	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss) profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	**2015**	2014	**2015**	2014
		%	%	**RMB'000**	RMB'000	**RMB'000**	RMB'000
China Coop Mengda	PRC	**18.74**	58.82	**(22,287)**	6,012	**41,875**	101,642

China Coop Mengda is a private company established in the PRC, which was acquired since 2014 by the Group which engaged in the finance lease business in the PRC (note 17).

On 14 August 2014, Ever Harvest Inc. Limited ("Ever Harvest"), a wholly-owned subsidiary of the Company, entered into capital contribution agreement with China Coop Mengda. Ever Harvest has conditionally agreed to make further capital contribution to China Coop Mengda within the range of RMB200,000,000 to RMB391,124,000.

As at 31 December 2014, the paid-in capital of China Coop Mengda made by Ever Harvest was at RMB70,000,000, representing 41.18% equity interest of China Coop Mengda.

On 18 June 2015, Hebei Baihao Commercial and Trading Co. Ltd ("Baihao"), a wholly-owned subsidiary of the Company, entered separately into capital contribution agreement with China Coop Mengda and made capital contribution amounting to RMB170,000,000 to China Coop Mengda. After the capital contribution by Baihao, the Group held approximately 70.59% equity interest of China Coop Mengda.

On 18 August 2015, Ever Harvest made additional capital contribution amounting to RMB13,000,000 to China Coop Mengda, representing 2.96% of its equity interest of China Coop Mengda.

34. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Details of non-wholly owned subsidiary that have material non-controlling interests (Continued)

On the same date, Ever Harvest further acquired approximately 7.71% equity interest in China Coop Mengda from two non-controlling shareholders with consideration of RMB17,000,000, which had been settled and RMB16,850,000, of which RMB4,900,000 was set off by its receivables balance and the remaining RMB11,950,000 was still outstanding, respectively. At the date of acquisition, the carrying amount of identifiable net assets of China Coop Mengda disposed by non-controlling shareholders is RMB37,045,000 and a gain on acquisition of partial interests in China Coop Mengda amounting to RMB3,195,000 recognised in equity of the owners of the Company. Furthermore, Baihao transferred all its equity interest in China Coop Mengda amounting to RMB170,000,000 to Ever Harvest. As at 31 December 2015, the Group held approximately 81.26% equity interest of China Coop Mengda.

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts as at year ended 31 December 2015 and 2014 since acquisition and before intragroup eliminations.

China Coop Mengda

	2015 **RMB'000**	2014 RMB'000
Current assets	**281,928**	213,983
Non-current assets	**53,795**	58,473
Current liabilities	**(60,314)**	(44,606)
Non-current liabilities	**(41,689)**	(54,760)
Non-controlling interests	**41,875**	101,642
Equity attributable to owners of the Company	**191,845**	71,448

34. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Details of non-wholly owned subsidiary that have material non-controlling interests (Continued)

China Coop Mengda (Continued)

	Year ended 31.12.2015 RMB'000	Period from 18.04.2014 to 31.12.2014 RMB'000
Revenue	**10,179**	19,582
Other income and gains	**9,023**	3,568
Expenses	**(14,870)**	(12,929)
Impairment loss of finance lease receivables	**(71,011)**	–
Impairment loss of loan receivables	**(54,952)**	–
(Loss) profit for the year/period	**(121,631)**	10,221
(Loss) profit and total comprehensive (expense) income for the year/period attributable to:		
Owners of the Company	**(99,344)**	4,209
Non-controlling interests	**(22,287)**	6,012
	(121,631)	10,221
Dividends declared to non-controlling interests	**435**	3,204
Net cash outflow from operating activities	**(123,610)**	(30,887)
Net cash outflow from investing activities	**(17,416)**	(37,729)
Net cash inflow from financing activities	**45,077**	137,903
Net cash (outflow) inflow	**(95,949)**	69,287

35. DIVIDEND

No interim and final dividend was paid or proposed at the end of both years ended 31 December 2015 and 2014.

36. OPERATING LEASE

The Group as lessee

Minimum lease payments paid under operating lease in respect of office premises during the year amounting to RMB7,693,000 (2014: RMB4,793,000).

At the end of the reporting period, the Group had outstanding minimum commitments under non-cancellable operating leases, which fall due as follows:

	2015 **RMB'000**	2014 RMB'000
Within one year	**7,728**	4,302
In the second to fifth years inclusive	**7,768**	1,663
	15,496	5,965

The Group leases office premises under operating leases, which are negotiated for an average term of one to two years. None of the leases includes contingent rentals.

37. CAPITAL COMMITMENT

	2015 RMB'000	2014 RMB'000
Capital expenditure in respect of the formation of a subsidiary contracted for but not provided in the consolidated financial statements (Note a)	**25,508**	35,500
Capital expenditure in respect of potential acquisition authorised but not contracted for (Note b)	**–**	97,161
Capital expenditure in respect of possible capital injection authorised but not contracted for (Note c)	**150,891**	150,891
Capital expenditure in respect of potential capital contribution to a subsidiary contracted for but not provided in the consolidated financial statements (Note d)	**141,700**	391,124
Capital expenditure in respect of potential very substantial acquisition authorised but not contracted for (Note e)	**2,685,000**	–
Capital expenditure in respect of potential investment in Investment Fund authorised but not contracted for (Note f)	**600,000**	–

Notes:

(a) Formation of a subsidiary

On 21 March 2014, the Group, through a wholly-owned subsidiary of the Company, Ever Harvest, entered into an agreement with Xinyuan (the "Xinyuan Joint Venture Agreement"), to form Beijing Guonong Taifeng in the PRC which will engage in agricultural finance business in the PRC. Pursuant to the Xinyuan Joint Venture Agreement, Ever Harvest has conditionally agreed to make a cash capital contribution of RMB35,500,000 to Beijing Guonong Taifeng, equivalent to 71% of the total registered capital of Beijing Guonong Taifeng and has the right to appoint four out of five directors in the board of directors of Beijing Guonong Taifeng. During the year ended 31 December 2015, the Group paid RMB9,992,000 as cash capital contribution to Beijing Guonong Taifeng, thus, the capital commitment is amounting to RMB25,508,000 as at 31 December 2015.

Details of the above are set out in the announcement of the Company dated 23 March 2014.

37. CAPITAL COMMITMENT (CONTINUED)

Notes: (continued)

(b) Potential acquisition

On 1 December 2014, the Company entered into a memorandum of understanding in relation to a potential acquisition of an interest in Sino-agri Equipment principally engaged in the manufacturing and sales of agricultural machinery in the PRC amounting to RMB250,000,000. The Group has put a deposit to a PRC lawyer amounting to RMB152,839,000.

On 29 April 2015, the Company (as the purchaser), China National Agricultural Means Of Production Group Corporation* 中國農業生產資料集團公司 (the "Vendor") and Sino-agri Equipment as the target company entered into the sales and purchase agreement (the "SPA"), pursuant to which the Company conditionally agreed to purchase from the Vendor, and the Vendor conditionally agreed to sell to the Company 30% of the existing equity interest in Sino-agri Equipment, at the consideration of RMB105,000,000 which shall be settled in cash. Pursuant to the SPA, the Company has further agreed to grant the shareholder's loan up to RMB145,000,000, in three tranches, subject to the terms and condition therein.

As at 31 December 2015, the Group paid for the consideration and completed the acquisition (see note 18).

Details of the above are set out in the Company's announcements dated 4 August 2014, 2 December 2014, 29 April 2015 and 3 August 2015; and the circular of the Company dated 24 June 2015.

* The English name is for identification purpose only.

(c) Possible capital injection

On 22 May 2015, the Company entered into a cooperation framework agreement with Guangdong-agri Group in relation to the possible capital injection ("Possible Capital Injection") by the Company in Guangdong New Co-Op Skyrise up to RMB300,000,000.

On 20 August 2015, the Company, Guangdong-agri Group and Guangdong New Co-Op Skyrise entered into a supplemental framework agreement (the "Supplemental Framework Agreement") to set out further arrangements in relation to the Possible Capital Injection.

Pursuant to the Third Supplemental Framework Agreement, the parties agreed to discuss and confirm the detail terms of the Possible Capital Injection and enter into a legally binding agreement before 31 March 2016. Up to the date of these consolidated financial statements were authorised for issuance, the directors of the Company are still in negotiation with Guangdong-agri Group to enter into a new supplemental agreement for the new deadline.

As a result of the signing of a memorandum of understanding with Guangdong New Co-Op Skyrise in December 2014, the Company deposited an amount of RMB149,109,000 to an escrow agent mutually agreed by the Company and Guangdong New Co-Op Skyrise to hold the fund in escrow as earnest money of the possible investment. Considering the plan under the possible investment could be better achieved through the Possible Capital Injection, the Company will proceed with the Possible Capital Injection instead of the possible investment.

Details of the above are set out in the Company's announcements dated 24 December 2014, 22 May 2015, 20 August 2015, 19 January 2016.

37. CAPITAL COMMITMENT (CONTINUED)

Notes: (continued)

(d) Capital contribution to a subsidiary

On 14 August 2014, Ever Harvest, a wholly-owned subsidiary of the Company, entered into capital contribution agreement with China Coop Mengda. Ever Harvest has conditionally agreed to make further capital contribution to China Coop Mengda within the range of RMB200,000,000 to RMB391,124,000.

During the year ended 31 December 2015, the Company made capital contribution to China Coop Mengda amounting to RMB286,850,000 (see note 34).

Details of the above are set out in the announcement of the Company dated 14 August 2014.

(e) Potential very substantial acquisition

On 11 January 2016, the Company entered into the sale and purchase agreement, pursuant to which the Company conditionally agreed to purchase (or procure its nominee(s) to purchase) the entire equity interest of the Target Company, at the consideration of RMB2,685,000,000 which will be satisfied as to RMB1,300,000,000 in cash and the remaining of RMB1,385,000,000 by the allotment and issue of the consideration shares at the issue price of HK$3.2505 per consideration share by the Company.

On 29 February 2016, as additional time is required for the Company to finalise the information to be included in the circular, the despatch of the circular will be delayed to on or before 31 March 2016.

On 31 March 2016, as additional time is required for the Company to finalise the information to be included in the circular, the despatch of the circular will be delayed to on or before 30 June 2016.

Details of the above are set out in the Company's announcements dated 11 January 2016, 29 February 2016 and 31 March 2016.

(f) Potential investment in Investment Fund

On 25 August 2015, the Company and China Co-Op (Shanghai) Equity Investment Fund Management Company Limited* 中合供銷(上海)股權投資基金管理有限公司 ("Co-Op Fund Management") entered into a framework cooperation agreement (the "Cooperation Framework Agreement") in relation to the possible cooperation between the Company and Co-Op Fund Management in establishment of the fund (the "Investment Fund"), the Company, as one of the general partners of the Investment Fund, shall make a capital contribution commitment in an amount not more than 3% of the total capital of the Investment Fund. During the year ended 31 December 2015, the directors of the Company has authorised the contribution to the Investment Fund amounting to RMB600,000,000, after part of the contributions amounting to RMB250,000,000 has been transferred to Ao Yuan for the purpose of settling the earnest money regarding to the acquisition of 100% equity interest in the Target Company.

Details of the above are set out in the announcements of the Company dated 25 August 2015, 27 August 2015 and 31 December 2015.

38. RELATED PARTY TRANSACTIONS

The Controlling Shareholder of the Company defined under the Listing Rules is Parko which is controlled by Hebei SMC which for administration and operation purposes is under the All China Federation of Supply and Marketing Cooperatives ("All China FSMC") which in turn is under the State Council of the PRC and its development direction and staff appointments are advised by the Hebei Provincial People's Government. Accordingly, the Group is related to All China FSMC and its subsidiaries (collectively referred as "All China FSMC Group"). The balances with Hebei SMC and its subsidiaries, All China FSMC Group and other PRC government-related financial institutions are disclosed below.

(a) Balances with All China FSMC Group, Parko, Hebei SMC and its subsidiaries

	2015 RMB'000	2014 RMB'000
Finance lease income receivable from a related party	–	4,224
Amounts due to non-controlling interests	(322)	(3,204)
Amounts due from related parties	1,820,380	–
Receivable of membership registration fee, transaction handling fee and membership fee from a related party	5,884	–
Receivable of fund management services income and financing income from a related party	43,280	–
Finance lease receivable from a related party	34,424	–

Finance lease income receivable from a related party, amounts due to non-controlling interests and receivables of membership registration fee, transaction handling fee, membership fee, fund management services income and financing income from a related party are unsecured, interest-free and repayable on demand.

Finance lease receivable from a related party is guaranteed by an independent third party, with effective interest range from 6.94% to 6.98% and with lease term of three years.

38. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with All China FSMC Group

	2015 RMB'000	2014 RMB'000
Consultancy fee income	**342**	–
Interest income from amounts due from related parties	**380**	–
Finances lease income	**236**	6,743
Membership registration fee	**3,550**	–
Transaction handling fee	**3,030**	–
Membership fee	**6,809**	–
Fund management services income (Note)	**47,221**	–
Financing income (Note)	**324,554**	–

Note: During the year ended 31 December 2015, the Group is entitled to receive fund management services income and financing income amounting to RMB47,221,000 (2014: Nil) and RMB324,554,000 (2014: Nil), respectively, from Party A, pursuant to a three parties joint cooperation agreement among the Company, Dalian Exchange and Party A. In view of the fact that Party A was the party which contracted with its customers and assumed all the substantial performance obligations for management services under the contracts and all the credit risks of the funds lent to the customers and provided all the associated capital for financing incomes, both management services income and financing income received by the Company from Party A, net of corresponding taxes, are recognised in equity as a deemed capital contribution.

(c) Balances with other PRC government-related entities

Apart from the balances with All China FSMC Group as disclosed in notes 38(a), the Group has entered into various transactions in its ordinary course of business including bank deposits, with certain banks which are government-related entities.

As at 31 December 2015, 82%, Nil and 100% (2014: 52%, 100% and 100%) of bank balances, restricted bank deposits and bank borrowings are held with these government-related banks.

There was no individually material bank balance with any single government-related bank.

The remuneration of key management personnel included directors' remuneration, which is disclosed in notes 10 and 11.

Other than disclosed elsewhere in these consolidated financial statements, the Group had no other significant related party transactions for the year ended 31 December 2015 and 2014.

39. CAPITAL RISK MANAGEMENT

The directors of the Company review the capital structure regularly and manage its capital structure 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.

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

The capital structure of the Group consists of convertible loan notes that are fully converted in January 2014 and bank borrowings as disclosed in note 27, warrants as disclosed in note 33, share options as disclosed in note 31, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2015 RMB'000	2014 RMB'000
Financial assets		
Financial assets at FVTPL	**16,000**	624
Loans and receivables (including cash and cash equivalents)	**2,240,544**	285,870
Finance lease receivables	**128,050**	110,465
Financial liabilities		
Amortised cost	**130,393**	108,697

(b) Financial risk management objectives and policies

The Group's major financial instruments include finance lease receivables, trade and other receivables, amounts due from related parties, restricted bank deposits, structured deposit, cash and cash equivalents, trade and other payables, bank borrowings and amounts due to non-controlling interests. 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.

40. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Market risk

(i) Currency risk

The normal operations and investments of the Group are mainly in the PRC, with revenue and expenditure denominated in RMB which are primarily transacted using functional currencies of the respective group entities.

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting period are as follows:

	2015 **RMB'000**	2014 RMB'000
HK$ denominated bank balances and cash	**74,804**	20,687

The Group is mainly exposed to the HK$ denominated bank balances and cash.

The following table details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in HK$ against RMB. 5% (2014: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2014: 5%) change in foreign currency rates. The sensitivity analysis includes bank balances and cash, where the denomination of the bank balances and cash is in a currency other than RMB, the functional currency of the respective group entities. A positive number below indicates an decrease in pre-tax loss and other equity where RMB strengthen 5% (2014: 5%) against HK$. For a 5% (2014: 5%) weakening of RMB against HK$, there would be an equal and opposite impact on the profit and other equity and the balances below would be positive.

40. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

	HK$ Impact	
	2015	2014
	RMB'000	RMB'000
Profit or loss	**(3,740)**	(1,034)

(ii) Interest rate risk

As at 31 December 2015, the Group is mainly exposed to cash flow interest rate risk due to the fluctuation of market interest rate on variable-rate finance lease receivables as disclosed in note 20, bank balances in note 25, restricted bank deposits in note 26 and variable-rate bank borrowings as disclosed in note 27.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate finance lease receivables, loan receivables and amounts due from related parties.

The Group's cash flow interest rates are mainly concentrated on i) the fluctuation of the PBOC rate for finance lease receivables and bank borrowings, and ii) the fluctuation of benchmark saving rate quoted by the PBOC for bank balances and restricted bank deposits. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

40. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rate risk which relates primarily to variable-rate finance lease receivables and bank borrowings, bank balances and restricted bank deposits. The analysis is prepared assuming the amount of asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease which represents management's assessment of the reasonably possible change in interest rates is used.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2015 would decrease/increase by amounting to RMB103,000 (2014: RMB258,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate finance lease receivables and bank borrowings.

For bank balances and restricted bank deposits, if the interest rates for benchmark saving rate had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2015 would decrease/increase by amounting to RMB994,000 (2014: RMB715,000).

(iii) Other price risk

The Group is exposed to equity price risk through its investments in structured deposit designated as at FVTPL. The Group's equity price risk is mainly concentrated on equity instruments of entities operating in PRC which are quoted in stock exchanges in PRC. The Group currently does not use any derivative contracts to hedge its exposure to other price risk. However, the management has appointed a team to monitor the price risk and will consider hedging the risk exposure should that needs arise.

40. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period.

A reasonably possible change in the prices of the respective equity instruments will not have a significant impact on the pre-tax profit for the year ended 31 December 2015 as a result of the changes in fair value of structured deposit.

Credit risk

As at 31 December 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. The Group had concentration of credit risk by geographical locations is in the PRC, which accounted for 100% (2014: 100%) of the trade receivables. As at 31 December 2015, the Group has concentration of credit risk as 58% (2014: 15%) and 87% (2014: 44%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the investment broking and financial services industry.

The credit risk on liquid fund is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

40. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Before accepting any new finance lease borrower, the Group assesses the credit quality of each potential finance lease borrower and defined limits for each finance lease borrower. In addition, the Group has reviewed the repayment records of finance lease payments from each finance lease borrower with reference to the repayment schedule from the date of inception of finance lease up to the reporting date to determine the recoverability of a finance lease receivable.

As at 31 December 2015, the Group's concentration of credit risk by geographical locations is in the PRC, which accounted for 100% (2014: 100%) of finance lease receivables.

The Group also has concentration of credit risk from totally five (2014: four) finance lease borrowers in its finance leasing business. Approximately 47% (2014: 80%) of the total finance lease receivables was due from the Group's largest finance lease borrower as at 31 December 2015. The Group's five (2014: four) finance lease borrowers are within manufacturing and financial service industries.

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 following table details the Group's remaining contractual maturity for its non-derivative 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. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are variable-rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

40. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity table

	Weighted average interest rate	On demand or less than 1 month RMB'000	1-3 months RMB'000	3 months to 1 year RMB'000	1 to 5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount at 31.12.2015 RMB'000
2015							
Non-derivative financial liabilities							
Trade and other payables	–	35,311	–	–	–	35,311	35,311
Amounts due to non-controlling interests	–	322	–	–	–	322	322
Bank borrowings							
– variable-rate	5.71%	2,719	11,416	42,968	43,399	100,502	94,760
		38,352	11,416	42,968	43,399	136,135	130,393

	Weighted average interest rate	On demand or less than 1 month RMB'000	1-3 months RMB'000	3 months to 1 year RMB'000	1 to 5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount at 31.12.2014 RMB'000
2014							
Non-derivative financial liabilities							
Trade and other payables	–	14,510	–	–	–	14,510	14,510
Amounts due to non-controlling interests	–	3,204	–	–	–	3,204	3,204
Bank borrowings							
– variable-rate	7.22%	2,589	7,513	30,860	57,577	98,539	90,983
		20,303	7,513	30,860	57,577	116,253	108,697

40. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurements of financial instruments

(i) Fair value of the Group's financial assets are measured at fair value on a recurring basis

Structured deposit of the Group 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), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	Fair value	Fair value hierarchy	Valuation technique and key inputs	Relationship of unobservable inputs to fair value
Call option classified as other financial asset in the consolidated statement of financial position	Asset – RMB624,000 as at 31 December 2014	Level 3	Binomial tree option pricing Key unobservable inputs are: exercise price, expected volatility and risk free rate	The higher the exercise price, the lower the fair value. The higher the expected volatility, the higher the fair value. The higher the risk free rate, the lower the fair value.
Structured deposit	Bank deposit in the PRC with non-closely related embedded derivative: RMB16,000,000 as at 31 December 2015	Level 3	Discounted cash flows Key unobservable inputs are: expected yields of money market instruments and debt instruments invested by banks and a discount rate that reflects the credit risk of the banks (Note)	The higher the expected yield, the higher the fair value. The higher the discount rate, the lower the fair value.

Note: The directors consider that the impact of the fluctuation in expected yields of the money market instruments and debt instruments to the fair value of the structured deposit was insignificant as the deposits have short maturities, and therefore no sensitivity analysis is presented.

No gains or losses are recognised in profit or loss relating to the change in fair value of the call option and structured deposit classified as Level 3 in the current or prior year as the amount involved is insignificant, and therefore no reconciliation of Level 3 fair value measurements is presented.

40. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurements of financial instruments (Continued)

(ii) Fair value financial assets and financial liabilities that are not measure at fair value on a recurring basis

The directors consider that the carrying amounts of other financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values using discounted cash flow valuation technique.

41. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 December 2014, the Group used part of the proceeds from issue of shares, a cheque issued by a subsidiary of Hebei SMC ("Party B") to the Group as the consideration for the shares issued to Parko amounting to RMB152,839,000 and placed directly to a PRC lawyer, as an earnest money for an investment in Sino-agri Equipment.

In December 2015, Party B paid in cash to the Group by five instalments in aggregate amounting to RMB152,839,000 as a settlement for the above arrangement.

As at 31 December 2015, the Group completed the acquisition of 30% equity interest in Sino-agri Equipment and paid the consideration of RMB105,000,000. Details of the completion are set out in note 18 and 23(b)(i) and the announcement of the Company dated 31 December 2015.

(b) During the year ended 31 December 2015, the Group used part of the proceeds from issue of shares, a cheque issued by Party B to the Group as the consideration for the shares issued to Parko amounting to RMB186,896,000 and placed directly to a PRC lawyer, as an earnest money for a potential investment in Ji Lin Agricultural Means of Production Co. Limited* 吉林省農業生產資料股份有限公司.

In addition, the Company has paid in cash amounting to RMB94,000,000 to a private company established in the PRC as the earnest money and leading to the total earnest money amounting to RMB280,896,000.

As at 31 December 2015, the above potential investment has not yet completed and the total earnest money amounting to RMB280,896,000 has been refunded to the Group by Party B amounting to RMB186,896,000 and by another private company established in the PRC amounting to RMB94,000,000, respectively.

Details of the above are set out in the announcements of the Company dated 2 July 2015, 19 August 2015 and 29 December 2015.

41. MAJOR NON-CASH TRANSACTIONS (CONTINUED)

(c) During the year ended 31 December 2015, the Group used part of the proceeds from issue of shares, a cheque issued by Party B to the Group as the consideration for the shares issued to Parko amounting to RMB200,000,000 to a PRC lawyer, as an earnest money for a potential investment in Dujiangyan City Modern Agricultural Development Investment Co., Limited* 都江堰市現代農業發展投資有限公司 ("Dujiangyan Investment Co.") for Chengdu West Agricultural Products Wholesale Market* 成都西部農產品批發市場 with Dujiangyan Investment Co..

In addition, the Group has paid in cash amounting to RMB300,000 to Dujiangyan Investment Co. as the earnest money and leading to the total earnest money amounting to RMB200,300,000.

As at 31 December 2015, the above potential investment has not yet completed and the earnest money amounting to RMB200,000,000 has been refunded to the Group by Party B. The remaining RMB300,000 was reclassified as other receivables.

Details of the above are set out in the announcements of the Company dated 26 May 2015 and 29 December 2015.

(d) During the year ended 31 December 2015, the Group used part of the proceeds from the issue and exercise of warrants, a cheque issued by Parko to Dongyue Holdings Limited* 東越控股有限公司("Dongyue"), for its subscription and exercise of the warrants to the Company amounting to RMB528,491,000, as an earnest money for a possible investment in an investment fund (the "Investment Fund"). Dongyue Holdings Limited is an indirect wholly-owned subsidiary of China Co-Op, which in turn holds approximately 83.83% interest in Coopinvest Companywhich holds approximately 12.96% interest in China Coop Mengda, an indirect wholly-owned subsidiary of the Company. Dongyue Holdings Limited is a connected person of the Company at subsidiary level.

In addition, the Company has paid in cash amounting to RMB321,509,000 to a private company incorporated in Marshall Islands as the earnest money and leading to the total earnest money amounting to RMB850,000,000.

Subsequent to the above, the management of the Group approved that Dongyue would instruct another subsidiary of China Coopinvest in the PRC ("Party C") to hold on behalf of the Group for the earnest money amounting to RMB850,000,000.

As at 31 December 2015, the parties are still in discussion in respect of the arrangement on the Investment Fund. Since the Group may make less contribution to the Investment Fund than expected, the Group would keep the earnest money amounting to RMB600,000,000. The remaining amount of RMB250,000,000 was transferred to Ao Yuan directly as part of the earnest money for the potential acquisition of entire equity interest in the Target Company, details disclosed in note 19.

In 31 March 2016, RMB600,000,000 has been refunded to the Group by Party C.

Details of the above are set out in the announcements of the Company dated 25 August 2015, 27 August 2015 and 31 December 2015.

41. MAJOR NON-CASH TRANSACTIONS (CONTINUED)

(e) During the year ended 31 December 2015, the Group transferred three loans to two independent third parties amounting to RMB24,000,000 directly to another independent third party in the PRC. As at 31 December 2015, the loan receivable of RMB8,000,000 was settled, details are disclosed in note 23(a). Subsequently, the remaining loan amounting to RMB16,000,000 is settled.

42. EVENTS AFTER REPORTING PERIOD

(a) Potential Very Substantial Acquisition in relation to the acquisition of 100% equity interest in China Cooperation (Shanghai) Real Estate Co. Ltd.* 中合(上海)置業有限公司

On 11 January 2016, the Company and the Target Company entered into the sale and purchase agreement, pursuant to which the Company conditionally agreed to purchase (or procure its nominee(s) to purchase) and the Target Company conditionally agreed to procure the sale of the entire equity interest of the Target Company, representing the entire equity interest in the Target Company at the consideration of RMB2,685,000,000 which will be satisfied as to RMB1,300,000,000 in cash and the remaining of RMB1,385,000,000 by the allotment and issue of the consideration shares at the issue price of HK$3.2505 per consideration share by the Company.

On 29 February 2016, as additional time is required for the Company to finalise the information to be included in the circular, the despatch of the circular will be delayed to on or before 31 March 2016.

On 31 March 2016, as additional time is required for the Company to finalise the information to be included in the circular, the despatch of the circular will be delayed to on or before 30 June 2016.

Details of the above are set out in the Company's announcements dated 11 January 2016, 29 February 2016 and 31 March 2016.

* The English name is for identification purpose only.

42. EVENTS AFTER REPORTING PERIOD (CONTINUED)

(b) Third supplemental framework agreement in respect of a possible investment in Guangdong New Co-Op Skyrise

On 19 January 2016, as more time is required to finalise the terms and arrangement of the possible capital injection, the parties entered into a third supplemental framework agreements (the "Third Supplemental Framework Agreement') pursuant to which the parties agreed to finalise the terms of the possible capital injection and execute the formal agreement on or before 31 March 2016 (the "Deadline"). Pursuant to the Third Supplemental Framework Agreement, if the parties cannot enter into a formal agreement before the expiry of the Deadline, the parties shall agree on another date for entering into a formal agreement within three business day upon the expiry of the Deadline. If the parties agree to extend the Deadline, they shall enter into a supplemental agreement to agree on the new Deadline and details of the possible capital injection, the date for completion and treatment of the earnest money. If the parties agree not to proceed with the possible capital injection, the parties shall terminate the transaction pursuant to the terms of the Third Supplemental Framework Agreement and the other relevant agreements. The Company shall have the right to request the escrow agent to release the earnest money to the designated account of the Company within three business days upon the Company serving a written notice to the escrow agent. Up to the date of these consolidated financial statements were authorised for issuance, the directors of the Company are still in negotiation with Guangdong-agri Group to enter into a new supplemental agreement for the new deadline.

Details of the above are set out in the Company's announcement dated 19 January 2016.

(c) Continuing connected transactions renewed joint operation agreement

On 20 January 2016, the Company and Dalian Exchange entered into the Renewed Joint Operation Agreement (the "Joint Cooperation Agreement") which, among others, sets out the service fees, estimated volume of transactions for 2016 to 2018 and proposed caps for 2016 to 2018 for the Company for the revenue generated from operating commodities trading platform and receiving fund management services income and financing income from Party A.

On 21 January 2016, the Company clarified that the transactions had been commenced since June 2015 before the Joint Cooperation Agreement was entered into. Since the cooperation was still at the preliminary stage in the first few months after its commencement, it took a few months for the Company and Dalian Exchange to discuss and finalise the detailed terms of the cooperation and for Dalian Exchange to go through its internal approval procedures to enter into the Joint Cooperation Agreement.

Details of the above are set out in the Company's announcements dated 20 January 2016 and 21 January 2016.

42. EVENTS AFTER REPORTING PERIOD (CONTINUED)

(d) Possible increase in shareholding by the controlling shareholder

On 20 January 2016, the Company was informed by its controlling shareholder, Parko that based on its confidence in the stable future development of the Group, subject to market conditions, it and parties acting in concert with it intend to increase their shareholding in the Company in the open market from the date hereof by an aggregate amount not exceeding HK$500,000,000.

On 2 March 2016, the Company was informed by Parko that it intends to increase its shareholding in the Company in the open market and/or off-market from the date hereof, including but not limited to entering into agreement with institutional investor(s) to acquire shares in the Company.

On 4 March 2016, the Company was informed by Parko that it has entered into separate sale and purchase agreement to purchase an aggregate of 17,400,000 shares of the Company from independent investors, representing approximately 0.8% of the total issued share capital of the Company. Completion of the agreement shall take place on 28 April 2016 or such other dates as the parties may agree, whichever is earlier. Immediately after completion of the abovementioned purchase, Parko will be interested in an aggregate of 1,146,704,292 shares, and its shareholding will increase from 53.1% to 54.01% of the entire issued share capital of the Company as at 4 March 2016.

On 9 March 2016, the Company was informed by Parko that based on its confidence in the stable future development of the Group, it has entered into a SPA to purchase 26,000,000 shares of the Company from an independent investor, representing approximately 1.22% of the total issued share capital of the Company. Completion of the agreement shall take place on 28 April 2016 or such other dates as the parties may agree, whichever is earlier. Immediately after completion of the abovementioned purchase, Parko will be interested in an aggregate of 1,172,704,292 Shares, and its shareholding will increase from 54.01% to 55.23% of the entire issued share capital of the Company as at the date as at 9 March 2016.

Details of the above are set out in the Company's announcements dated 20 January 2016, 2 March 2016 and 4 March 2016.

42. EVENTS AFTER REPORTING PERIOD (CONTINUED)

(e) Termination of the possible investment in the Chengdu West Agricultural Products Wholesale Market

On 3 February 2016, considering the purpose of the possible investment with Dujiangyan Investment Co. could be better achieved through the other ways of cooperation, the parties have entered into a termination agreement (the "Termination Agreement") to terminate the letter of intent, pursuant to which the parties shall be released and discharged from their obligations under the letter of intent with no claim against each other thereunder.

As mentioned in the Company's announcement dated 26 May 2015, the Company shall pay an earnest money in an amount of RMB300,000 (the "Earnest Money") pursuant to the letter of intent. Pursuant to the Termination Agreement, Dujiangyan Investment Co. shall return the earnest money (including interests accrued for the period from 19 June 2015 to 21 January 2016) to the Company, and the earnest money will be returned to the Company within five business day from signing of the Termination Agreement.

Details of the above are set out in the Company's announcements dated 26 May 2015, 29 December 2015 and 3 February 2016.

(f) Termination of the Preferred Shares Subscription Agreement and the Innovationpay Subscription Agreement

On 29 January 2016, the Company entered into a termination agreement with China Innovationpay to terminate the Preferred Shares Subscription Agreement and the Innovationpay Subscription Agreement respectively.

Details of the above are set out in the Company's announcement dated 29 January 2016.

(g) Refund of earnest money in relation to the acquisition of 100% equity interest in the Target Company

On 31 March 2016, in view of the sales and purchase agreement regarding to the acquisition of 100% equity interest in the Target Company has not yet completed within six months after entering into the escrow agreement, Ao Yuan had refunded the earnest money amounting to RMB1,220,000,000 to the Company on 30 March 2016.

Details of the above are set out in the Company's announcement dated 31 March 2016.

(h) Refund of retainer money in relation to the possible cooperation in relation to the establishment of Investment Fund amounting to RMB850,000,000

In December 2015, Dongyue transferred part of the retainer money in relation to the establishment of Investment Fund amounting to RMB250,000,000 to Ao Yuan for the purpose of settling the earnest money regarding to the acquisition of 100% equity interest in the Target Company. The remaining portion of the retainer money amounting to RMB600,000,000 has been refunded to the Company on 30 March 2016.

Details of the above are set out in the Company's announcement dated 31 March 2016.

(i) Resignation of independent non-executive director and member of audit committee

On 31 March 2016, Mr. Chan Siu Wing Raymond ("Mr. Chan") has resigned from his office as an independent non-executive director of the Company to pursue other career interests. Mr. Chan also ceased to be a member of the audit committee simultaneously with his resignation as an independent non-executive director of the Company on 31 March 2016.

Details of the above are set out in the Company's announcement dated 31 March 2016.

For the year ended 31 December 2015

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2015 RMB'000	2014 RMB'000
Non-current assets		
Interests in subsidiaries	1,589,950	213,638
Property, plant and equipment	671	1,228
Amount due from a related party	600,000	–
Earnest money paid for a potential investment	149,109	149,109
	2,339,730	363,975
Current assets		
Trade and other receivables	49,618	22,994
Cash and cash equivalents	19,836	17,792
	69,454	40,786
Current liabilities		
Other payables	34,687	4,976
Amounts due to subsidiaries	3,733	3,738
Tax payable	2,631	–
	41,051	8,714
Net current assets	28,403	32,072
Total assets less current liabilities	2,368,133	396,047
Non-current liability		
Deferred tax liability	36,526	–
Net assets	2,331,607	396,047
Capital and reserves		
Share capital	48,082	34,863
Reserves	2,283,525	361,184
Total equity	2,331,607	396,047

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Movement in the Company's reserves

	Share premium[1] RMB'000	Exchange reserve RMB'000	Warrant reserve RMB'000	Share option reserve RMB'000	Convertible loan notes equity reserve RMB'000	Treasury shares reserve RMB'000	Deemed capital contribution RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2014	8,352	(5,619)	–	–	58,228	–	–	(31,030)	29,931
Exchange differences arising on translation of the financial statements of the Company into the presentation currency of the Group	–	(806)	–	–	–	–	–	–	(806)
Loss for the year	–	–	–	–	–	–	–	(23,320)	(23,320)
Total comprehensive expense for the year	–	(806)	–	–	–	–	–	(23,320)	(24,126)
Conversion of convertible loan notes	123,288	–	–	–	(58,228)	–	–	–	65,060
Issue of ordinary shares (note 29)	296,101	–	–	–	–	–	–	–	296,101
Transaction costs attributable to issue of shares	(5,782)	–	–	–	–	–	–	–	(5,782)
At 31 December 2014	421,959	(6,425)	–	–	–	–	–	(54,350)	361,184

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Movement in the Company's reserves (Continued)

	Share premium[1] RMB'000	Exchange reserve RMB'000	Warrant reserve RMB'000	Share option reserve RMB'000	Convertible loan notes equity reserve RMB'000	Treasury shares reserve RMB'000	Deemed capital contribution RMB'000	Accumulated losses RMB'000	Total RMB'000
Exchange differences arising on translation of the financial statements of the Company into the presentation currency of the Group	–	46,741	–	–	–	–	–	–	46,741
Loss for the year	–	–	–	–	–	–	–	(512,739)	(512,739)
Total comprehensive income (expense)	–	46,741	–	–	–	–	–	(512,739)	(465,998)
Issue of ordinary shares (note 29)	933,714	–	–	–	–	–	–	–	933,714
Transaction costs attributable to issue of shares	(8,041)	–	–	–	–	–	–	–	(8,041)
Issue of warrants	–	–	477,290	–	–	–	–	–	477,290
Transaction costs attributable to issue of warrants	–	–	(420)	–	–	–	–	–	(420)
Exercise of warrants	1,076,023	–	(393,018)	–	–	–	–	–	683,005
Share-based compensations	–	–	–	7,709	–	–	–	43	7,752
Exercise of share options	13,523	–	–	(2,516)	–	–	–	–	11,007
Repurchase of ordinary shares	–	–	–	–	–	(30,580)	–	–	(30,580)
Deemed capital contribution	–	–	–	–	–	–	314,612	–	314,612
At 31 December 2015	2,437,178	40,316	83,852	5,193	–	(30,580)	314,612	(567,046)	2,283,525

[1] The application of the share premium account is governed by Article 24.12 of the Company's articles of association and the Cayman Islands Companies Law (Revised), which provides that the share premium account may be applied in paying distributions or dividends to members, provided immediately following the date on which distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business. The remaining amount represented exchange difference aroused from translation of share premium of the Company to the presentation currency of the Group between the historical rate and the rate at the date of capital distributions which is not distributable.

FIVE-YEAR FINANCIAL SUMMARY

The consolidated results, assets and liabilities of the Group for the last five financial years as extracted from the audited consolidated financial statements of the Group are summarised below:

Results of the Group for the year ended 31 December

	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
Turnover	**159,876**	116,767	95,659	105,747	116,730
(Loss) profit for the year	**(630,208)**	(26,747)	(25,961)	4,765	20,970
				Restated	Restated
(Loss) earnings per share – Basic and diluted (RMB cents)	**(33.82)**	(2.47)	(2.57)	0.47	2.08

Assets and liabilities of the Group as at 31 December

	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
Total assets	**2,675,968**	781,303	311,343	231,266	237,965
Less: total liabilities	**(302,186)**	(178,189)	(141,129)	(72,814)	(74,041)
Net assets	**2,373,782**	603,114	170,214	158,452	163,924