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NATIONAL AGRICULTURAL HOLDINGS LIMITED
國農控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1236)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

HIGHLIGHTS

Revenue for the year ended 31 December 2015 increased by 37% to RMB159,876,000 (2014: RMB116,767,000)

Loss attributable to owners of the Company for the year ended 31 December 2015 was RMB607,921,000 (2014: RMB32,759,000)

Basic and diluted loss per share was RMB33.82 cents (2014: Basic and diluted loss per share of RMB2.47 cents)

ANNUAL RESULTS (AUDITED)

The board (the “**Board**”) of directors (the “**Directors**”) of National Agricultural Holdings Limited (the “**Company**” or together with its subsidiaries the “**Group**”) would like to announce the audited consolidated results of the Group for the year ended 31 December 2015 together with the comparative audited figures for the corresponding year in 2014 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 DECEMBER 2015

		2015	2014
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	3	159,876	116,767
Cost of sales		(43,537)	(28,692)
Gross profit		116,339	88,075
Other income	4	29,468	17,303
Other gains and losses	5	(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	13	(40,000)	–
Impairment loss of finance lease receivables	14	(71,011)	–
Impairment loss of loan receivables	15(a)	(54,952)	–
Finance costs		–	(795)
Loss before tax	6	(621,815)	(23,170)
Income tax expense	7	(8,393)	(3,577)
Loss for the year		(630,208)	(26,747)
Other comprehensive income (expense)			
<i>Item that will not be reclassified to profit or loss:</i>			
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	8		
– Basic and diluted (RMB cents)		(33.82)	(2.47)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	<i>NOTES</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	10	23,351	24,421
Goodwill		182	182
Interest in an associate	12	105,000	–
Earnest money paid for potential investments	15(b)	149,109	301,948
Amounts due from related parties	13	1,820,380	–
Finance lease receivables	14	53,469	58,438
Deferred tax assets		581	295
		2,152,072	385,284
Current assets			
Inventories		36	37
Amount due from a related party	13	–	–
Finance lease receivables	14	74,581	52,027
Trade and other receivables	15(a)	154,873	95,011
Deposits and prepayments	15(b)	13,115	6,458
Other financial asset		–	624
Tax recoverable		–	55
Structured deposit		16,000	–
Restricted bank deposits		–	217
Cash and cash equivalents		265,291	190,642
		523,896	345,071
Assets classified as held for sale	9	–	50,948
		523,896	396,019
Current liabilities			
Trade and other payables	16	76,370	26,463
Amounts due to non-controlling interests		322	3,204
Bank borrowings	17	53,071	36,223
Deferred revenue		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

	<i>NOTES</i>	2015 RMB'000	2014 RMB'000
Non-current liabilities			
Bank borrowings	<i>17</i>	41,689	54,760
Deferred revenue		20,221	12,095
Deferred tax liability		36,526	–
		<u>98,436</u>	<u>66,855</u>
Net assets		<u>2,373,782</u>	<u>603,114</u>
Capital and reserves			
Share capital	<i>18</i>	48,082	34,863
Reserves		2,283,825	466,609
		<u>2,331,907</u>	<u>501,472</u>
Equity attributable to owners of the Company		41,875	101,642
Non-controlling interests		<u>2,373,782</u>	<u>603,114</u>
Total equity		<u>2,373,782</u>	<u>603,114</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Company													Non-controlling interests	Total
	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	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 11)	-	-	-	-	-	-	-	-	-	-	-	98,834	-	98,834	
Issue of ordinary shares (Note 18)	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 18)	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	-	-	-	-	-	477,290	-	-	-	-	477,290	-	-	477,290	
Transaction costs attributable to issue of warrants ¹⁰	-	-	-	-	-	(420)	-	-	-	-	(420)	-	-	(420)	
Exercise of warrants	5,742	1,076,023	-	-	-	(393,018)	-	-	-	-	688,747	-	-	688,747	
Share-based compensations	-	-	-	-	-	-	7,709	-	-	43	7,752	-	-	7,752	
Exercise of share options	109	13,523	-	-	-	-	(2,516)	-	-	-	11,116	-	-	11,116	
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	3,195	3,195	(37,045)	-	(33,850)	
Repurchase of ordinary shares	-	-	-	-	-	-	-	(30,580)	-	-	(30,580)	-	-	(30,580)	
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(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	

- 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).
- 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.
- 7 The amount represents equity reserve arising from share-based compensations under share options scheme of the Group provided to directors and employees.
- 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. 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 (the "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. 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.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. 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.

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

2. 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 the Joint Cooperation agreement and the renewed Joint operation agreement (the “Joint Cooperation Agreements”) with Dalian Renewable Energy Exchange Company Limited (“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 announcement dated 31 December 2015, 20 January 2016 and 21 January 2016.

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	<u>136,308</u>	<u>10,179</u>	<u>13,389</u>	<u>159,876</u>
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				<u>(423,087)</u>
Loss before tax				<u>(621,815)</u>

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For the year ended 31 December 2014

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

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.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment result represents the profit earned or loss incurred by each segment without allocation of certain unallocated expenses, share-based compensations, impairment loss of loan receivables, impairment loss of amount due from a related party 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 <i>RMB'000</i>	2014 <i>RMB'000</i>
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	–
	<hr/>	<hr/>
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
	<hr/>	<hr/>
Consolidated assets	2,675,968	781,303
	<hr/>	<hr/>
	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
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	–
	<hr/>	<hr/>
Total segment liabilities	218,772	173,093
Payables of acquisition of China Coop Mengda	11,950	–
Deferred tax liability	36,526	–
Other unallocated corporate liabilities	34,938	5,096
	<hr/>	<hr/>
Consolidated liabilities	302,186	178,189
	<hr/>	<hr/>

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).

3. TURNOVER

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
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	–
	<u>159,876</u>	<u>116,767</u>

4. OTHER INCOME

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Value added tax refund (<i>Note a</i>)	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 (<i>Note b</i>)	610	864
Sundries	580	23
	<u>29,468</u>	<u>17,303</u>

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.

5. OTHER GAINS AND LOSSES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Gain from changes in fair value on structured deposits	400	1,436
Gain on disposal of assets classified as held for sale (<i>Note 9</i>)	1,987	–
Lapse of call option for acquisition of equity interest in China Coop Financial Leasing Co., Ltd* 中合盟達融資租賃 有限公司 (“China Coop Mengda”)	(624)	–
Loss on initial recognition of warrants	(424,850)	–
Exchange (loss) gain, net	(372)	502
	<u>(423,459)</u>	<u>1,938</u>

6. LOSS BEFORE TAX

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
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
	<u>3,179</u>	<u>5,112</u>
Total depreciation and amortisation		
Directors' emoluments	8,659	3,824
Other staff costs:		
Salaries and other benefits	84,501	62,419
Contributions to retirement benefits schemes	12,863	10,501
Share-based compensations	3,614	–
	<u>109,637</u>	<u>76,744</u>
Total staff costs		
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
	<u>–</u>	<u>400</u>

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	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
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	7,693	4,793
Legal and professional fees (<i>Note</i>)	<u>23,057</u>	<u>12,469</u>

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”), (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 Agricultural Machinery 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.

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7. INCOME TAX EXPENSE

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
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	<u>2,689</u>	<u>10</u>
	8,679	3,615
Deferred tax		
– Credit for the year	<u>(286)</u>	<u>(38)</u>
	<u>8,393</u>	<u>3,577</u>

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.

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8. 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 <i>RMB'000</i>	2014 <i>RMB'000</i>
Loss for the purposes of calculation of basic and diluted loss per share	<u>(607,921)</u>	<u>(32,759)</u>

Number of shares

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

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 18(c) and 18(e)), ii) the exercise of warrants in June 2015, and iii) the exercise of share options in December 2015.

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 18(a)); and iii) the placing and subscription of the Company's ordinary shares in October 2014 (details are disclosed in note 18(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.

9. 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.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings <i>RMB'000</i> <i>(Note)</i>	Leasehold improvements <i>RMB'000</i>	Computer equipment <i>RMB'000</i>	Furniture, fixtures and office equipment <i>RMB'000</i>	Total <i>RMB'000</i>
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	<u>20,114</u>	<u>780</u>	<u>1,892</u>	<u>565</u>	<u>23,351</u>
At 31 December 2014	<u>21,664</u>	<u>1,347</u>	<u>1,110</u>	<u>300</u>	<u>24,421</u>

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.

11. 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

	<i>RMB'000</i>
Cash	<u>70,000</u>

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.

12. INTEREST IN AN ASSOCIATE

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Investment cost, unlisted	<u>105,000</u>	<u>–</u>

As at 31 December 2015, the Group completed the acquisition of 30% equity interest in Sino-agri Agricultural Machinery 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 Agricultural Machinery 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 15(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

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

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

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

	<i>RMB'000</i>
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	<u>14,765</u>
Carrying amount of the Group's interest in Sino-agri Equipment	<u>105,000</u>

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.

13. AMOUNTS DUE FROM RELATED PARTIES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Shi Jia Zhuang Ao Yuan Trading Company Limited* (<i>Note a</i>)	1,220,380	–
A subsidiary of China Co-op (<i>Note b</i>)	600,000	–
A subsidiary of China Co-op (<i>Note c</i>)	40,000	–
	<u>1,860,380</u>	–
Less: allowance for doubtful debt	(40,000)	–
	<u>1,820,380</u>	–
Amounts shown under non-current assets	<u>1,820,380</u>	–

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 21(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.

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- (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 21(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.

14. 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

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	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
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

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, carrying value of the finance lease receivables which have been pledged against specific bank borrowings granted to Group (Note 17) 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 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 <i>RMB'000</i>	2014 <i>RMB'000</i>
Within three months	8,458	–
From three to six months	14,218	–
Over six months	3,695	–
	<u>26,371</u>	<u>–</u>

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.

15. TRADE AND OTHER RECEIVABLES/DEPOSITS AND PREPAYMENTS

(a) Trade and other receivables

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade receivables	10,639	2,636
Less: allowance for doubtful debts	(487)	(317)
	<u>10,152</u>	<u>2,319</u>
Loan receivables (<i>Note</i>)	116,217	62,568
Less: allowance for doubtful debts	(54,952)	–
	<u>61,265</u>	<u>62,568</u>
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	–
	<u>83,456</u>	<u>30,124</u>
	<u>154,873</u>	<u>95,011</u>

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.

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 21(e). The loan is unsecured, unguaranteed, bearing a fixed interest rates 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 rates 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 rates 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 passed due.

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	2014
	<i>RMB'000</i>	<i>RMB'000</i>
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.

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

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

(b) **Deposits and prepayments**

	2015	2014
	RMB'000	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 (<i>Note</i>)	149,109	301,948
Others	1,685	2,493
	162,224	308,406
Less: Amounts shown under current assets	(13,115)	(6,458)
	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 Agricultural Machinery 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 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.

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16. TRADE AND OTHER PAYABLES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
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 (<i>Note</i>)	–	217
Other tax payables	26,196	3,542
Other payables	2,653	6
Payable for acquisition cost of China Coop Mengda	11,950	–
	<u>76,370</u>	<u>26,463</u>

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
0 to 30 days	1,009	673
31 to 90 days	571	671
	<u>1,580</u>	<u>1,344</u>

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.

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.

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17. BANK BORROWINGS

	2015 RMB'000	2014 RMB'000
Secured bank loans		
– variable-rate RMB bank loans	<u>94,760</u>	<u>90,983</u>
Carrying amount repayable (<i>Note</i>):		
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	<u>13,390</u>	<u>14,739</u>
	94,760	90,983
Less: Amounts shown under current liabilities	<u>(53,071)</u>	<u>(36,223)</u>
Amounts shown under non-current liabilities	<u>41,689</u>	<u>54,760</u>

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.

18. 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 (<i>Note a</i>)	<u>3,000,000</u>	<u>–</u>
At 31 December 2014 and 2015 – Ordinary shares of HK\$0.025 each	<u>4,000,000</u>	<u>106,510</u>
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 (<i>Note a</i>)	996,232	–
Issue of shares (<i>Note b</i>)	<u>125,661</u>	<u>2,488</u>
At 31 December 2014 – Ordinary shares of HK\$0.025 each	1,453,971	34,863
Issuance of new shares (<i>Note c</i>)	314,737	6,229
Issuance of shares upon exercise of warrants (<i>Note d</i>)	291,281	5,742
Issuance of new shares (<i>Note e</i>)	58,000	1,139
Exercise of share options (<i>Note f</i>)	<u>5,270</u>	<u>109</u>
At 31 December 2015 – Ordinary shares of HK\$0.025 each	<u>2,123,259</u>	<u>48,082</u>

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 (Hong Kong) Limited (“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. 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.

19. DIVIDEND

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

20. CAPITAL COMMITMENT

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

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.

(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 Agricultural Machinery 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 Agricultural Machinery 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 Agricultural Machinery, 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 12).

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.

(c) Potential 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.

* The English name is for identification purpose only.

(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.

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.

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21. 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 Supply and Marketing Cooperative (“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 Co.,Ltd. (As known: Sino-agri Agricultural Machinery).

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 Agricultural Machinery and paid the consideration of RMB105,000,000. Details of the completion are set out in note 12 and 15(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.

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

- (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”), a wholly-owned subsidiary of China Coopinvest, 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 the Investment Fund.

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 13.

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.

- (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 disclosed in note 15(a). Subsequently, the remaining loan amounting to RMB16,000,000 is settled.

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22. 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 (the “Target Company”)**

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.

(b) **Third supplemental framework agreement in respect of a possible investment in Guangdong New Co-Op**

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. 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 a subsidiary of China Co-op Group Company Limited* 中國供銷集團有限公司, 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.

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.

(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 SPA 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 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.

(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 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) 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.

(g) 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.

(h) 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.*

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 13 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.

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.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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 under review, 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 services 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 under review, the Group completed the system upgrading of its Agripay system, a cash settlement platform. The Agripay 2.0 system had its cash 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, 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 under review, 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.

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 has always put in great efforts in promoting rural financial services, the business setting of which had been further improved and became mature 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” 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. The most important cooperation in the agreement is that Dalian Renewable Energy Exchange will adopt the “Agripay” system to manage fully 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, energy saving and 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. Revenue for the year ended 31 December 2015 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 of 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 2015. 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 Prospects of China Agricultural Trading Platform of China Co-op Group & National Agricultural Holdings" 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 Trans-National Procurement 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-added 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 Equipment 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 developing 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 service 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 to 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 an online sales team that made use of online tools to carry out marketing activities. With resolute efforts and persistent exploration, sales performance of our online 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.

OUTLOOK

The Document No. 1 of the central government has focused on the “agriculture, rural areas and farmers” sector for thirteen 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 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.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2015, the administrative expenses 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 中國供銷集團有限公司 (China Co-Op Group Company Limited*), a connected person in subsidiary level ("Party A") have entered into a joint operation agreement (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 2015 Announcement, 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 issue 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 issue 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 of 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 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 the net 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 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.

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, 31 December 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. Pursuant to the Cooperation Framework Agreement, Co-Op Fund Management and a subsidiary of the Company in the People's Republic of China (the "PRC") shall prepare to establish a limited liability partnership under the laws of the PRC (the "Fund") and shall be the general partners of the Fund. Co-Op Fund Management shall be responsible for the

establishment of the Fund, and both Co-Op Fund Management and the Company shall be responsible for looking for limited partners for the Fund as well as investment projects and managing the investment projects. The Company has deposited a sum of RMB850 million to Dongyue Holdings Limited* (東越控股有限公司), a subsidiary of Coopinvest Company Limited* (中合聯投資有限公司), to hold the fund in escrow as earnest money for the Possible Transaction. As at the date of the announcement, 50% of the issued shares of Co-Op Fund Management (Shanghai) 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.

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

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 places 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). An extraordinary general meeting will be 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 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 will be 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 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 will be 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 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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

The Company's deviations from the Corporate Governance Code during the year ended 31 December 2015 are set out below:

Code	Deviation(s)	Explanation
C.1.2	Management accounts were not provided to all members of the Board on a monthly basis.	According to paragraph C.1.2 of the Corporate Governance Code, 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, business updates and management accounts are prepared and provided by the management on a quarterly basis to Board members. Management shall continue to review the need for providing such monthly updates to the Board.

Save the aforesaid, the Company has applied the principles and complied with all applicable code provisions of the Corporate Governance Code during the year ended 31 December 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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.

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

As at the date of this announcement, the Audit Committee consists of Ms. Chiu Kam Hing Kathy, Mr. Ting Tit Cheung and Mr. Fan William Chung Yue.

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

The consolidated financial statements of the Group for the year ended 31 December 2015 have been audited by the Company's auditor, Messrs. Deloitte Touche Tohmatsu. A meeting of the Audit Committee of the Company was held with the auditor and the management of the Company for, amongst other things, reviewing the final results of the Group for the year ended 31 December 2015.

APPRECIATION

The Board would like to express heartfelt gratitude to the staff of the Group for their tremendous efforts as well as to all business partners and shareholders of the Company (the "Shareholders") for their kind support to the Group. The Board would like to express their appreciation to all members of the Board for their contributions.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the Company's website at www.natagri.com.hk. The annual report will be dispatched to the Shareholders and available on the website of the Stock Exchange and that of the Company in due course.

For and on behalf of
National Agricultural Holdings Limited
Chen Li-Jun
Chairman

Hong Kong, 31 March 2016

As at the date of this announcement, the Board of the Company comprises five executive Directors, being Mr. Chen Li-Jun, Mr. Ren Hai, Mr. Peng Guojiang, Ms. Wen Yuanyi and Mr. Liu Yong, and three independent non-executive Directors, being Ms. Chiu Kam Hing Kathy, Mr. Ting Tit Cheung and Mr. Fan William Chung Yue.

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