

二零一五年度中期報告 INTERIM REPORT 2015



國農控股有限公司
National Agricultural Holdings Limited

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

(Stock Code 股份代號 : 1236)

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chiu Kam Hing Kathy
Ting Tit Cheung
Fan William Chung Yue
Chan Siu Wing Raymond

COMPANY SECRETARY

Ip Pui Sum

AUTHORISED REPRESENTATIVES

Ip Pui Sum
Wen Yuanyi

PRINCIPAL BANKERS

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

AUDITOR

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AUDIT COMMITTEE

Chiu Kam Hing Kathy (Chairman)
Ting Tit Cheung
Fan William Chung Yue
Chan Siu Wing Raymond

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company
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4th Floor, Royal Bank House
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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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CORPORATE INFORMATION

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STOCK CODE

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FINANCIAL SUMMARY

A summary of the unaudited results of National Agricultural Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2015 together with the comparative figures for the corresponding period in 2014 and of the assets and liabilities of the Group as at 30 June 2015 and 31 December 2014 is set out as follows:

GROUP RESULT

	Six Months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Turnover	155,164	53,442
Loss for the period	(379,139)	(5,436)
Loss per share-Basic and diluted (RMB cents)	(21.76)	(0.61)

GROUP ASSETS AND LIABILITIES

	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Total non-current assets	1,700,322	385,284
Total current assets	815,550	396,019
Total current liabilities	212,813	111,334
Net current assets	602,737	284,685
Total assets less current liabilities	2,303,059	669,969
Total non-current liabilities	11,786	66,855
NET ASSETS	2,291,273	603,114
TOTAL EQUITY	2,291,273	603,114



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	NOTES	Six months ended 30 June	
		2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Turnover	5	155,164	53,442
Cost of sales		(21,675)	(14,002)
Gross profit		133,489	39,440
Other income	6	10,275	5,520
Other gains and losses	7	(424,851)	1,378
Selling and distribution costs		(25,971)	(16,266)
Research and development costs		(20,388)	(14,768)
Administrative expenses		(25,362)	(18,607)
Finance costs	8	–	(795)
Loss before tax	9	(352,808)	(4,098)
Income tax expense	10	(26,331)	(1,338)
Loss for the period		(379,139)	(5,436)
Other comprehensive income			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation		1,444	985
Total comprehensive expense for the period		(377,695)	(4,451)
(Loss) profit for the period attributable to:			
Owners of the Company		(379,721)	(7,806)
Non-controlling interests		582	2,370
		(379,139)	(5,436)
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(378,277)	(6,821)
Non-controlling interests		582	2,370
		(377,695)	(4,451)
Loss per share	12		
– Basic and diluted (RMB cents)		(21.76)	(0.61)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	NOTES	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	13	24,099	24,421
Goodwill		182	182
Deposits for potential investments	16(b)	1,672,599	301,948
Finance lease receivables	15	3,106	58,438
Deferred tax assets		336	295
		1,700,322	385,284
Current assets			
Inventories		39	37
Finance lease receivables	15	110,775	52,027
Trade and other receivables	16(a)	204,272	95,011
Deposits and prepayments	16(b)	5,891	6,458
Other financial asset		624	624
Tax recoverable		55	55
Restricted bank deposits	17	–	217
Cash and cash equivalents		442,946	190,642
		764,602	345,071
Assets classified as held for sale	14	50,948	50,948
		815,550	396,019
Current liabilities			
Trade and other payables	17	43,192	26,463
Amounts due to non-controlling interests	24	2,528	3,204
Bank borrowings	18	73,317	36,223
Deferred revenue	19	71,446	44,449
Tax payable		22,330	995
		212,813	111,334
Net current assets		602,737	284,685
Total assets less current liabilities		2,303,059	669,969



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	NOTES	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Non-current liabilities			
Bank borrowings	18	–	54,760
Deferred revenue	19	11,786	12,095
		11,786	66,855
Net assets			
		2,291,273	603,114
Capital and reserves			
Share capital	20	47,661	34,863
Reserves		2,141,388	466,609
		2,189,049	501,472
Equity attributable to owners of the Company		102,224	101,642
Non-controlling interests			
		2,291,273	603,114
Total equity			



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

NOTES	Attributable to owners of the Company											
	Share capital RMB'000	Share premium ¹ RMB'000	Exchange reserve ² RMB'000	Statutory reserve ³ RMB'000	Merger reserve ⁴ RMB'000	Convertible loan notes equity reserve ⁵ RMB'000	Warrant reserve ⁶ RMB'000	Share option reserve ⁷ RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2014 (audited)	26,128	8,352	(6,663)	23,390	24,598	58,228	-	-	36,181	170,214	-	170,214
Exchange difference arising on translation	-	-	985	-	-	-	-	-	-	985	-	985
(Loss) profit for the period	-	-	-	-	-	-	-	-	(7,806)	(7,806)	2,370	(5,436)
Total comprehensive income (expense) for the period	-	-	985	-	-	-	-	-	(7,806)	(6,821)	2,370	(4,451)
Conversion of convertible loan notes	6,247	123,288	-	-	-	(58,228)	-	-	-	71,307	-	71,307
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	98,834	98,834
Balance at 30 June 2014 (unaudited)	32,375	131,640	(5,678)	23,390	24,598	-	-	-	28,375	234,700	101,204	335,904
Balance at 1 January 2015 (audited)	34,863	421,959	(6,760)	24,226	24,598	-	-	-	2,586	501,472	101,642	603,114
Exchange difference arising on translation	-	-	1,444	-	-	-	-	-	-	1,444	-	1,444
(Loss) profit for the period	-	-	-	-	-	-	-	-	(379,721)	(379,721)	582	(379,139)
Total comprehensive income (expense) for the period	-	-	1,444	-	-	-	-	-	(379,721)	(378,277)	582	(377,695)
Issue of ordinary shares	7,368	933,714	-	-	-	-	-	-	-	941,082	-	941,082
Transaction costs attributable to issue of shares	-	(8,041)	-	-	-	-	-	-	-	(8,041)	-	(8,041)
Issue of warrants	22	-	-	-	-	-	477,290	-	-	477,290	-	477,290
Transaction costs attributable to issue of warrants	22	-	-	-	-	-	(420)	-	-	(420)	-	(420)
Exercise of warrants	22	5,430	1,018,581	-	-	-	(372,370)	-	-	651,641	-	651,641
Share-based compensations	21	-	-	-	-	-	-	4,302	-	4,302	-	4,302
Balance at 30 June 2015 (unaudited)	47,661	2,366,213	(5,316)	24,226	24,598	-	104,500	4,302	(377,135)	2,189,049	102,224	2,291,273



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

1. The application of the share premium account is governed by Article 24.12 of the Company's articles of association and the Cayman Islands Companies Law (Revised), which provides that the share premium account may be applied in paying distributions or dividends to members, provided immediately following the date on which distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.
2. The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Company into the presentation currency of the Group (i.e. RMB). The reserve is dealt with in accordance with the Group's accounting policy.
3. According to the relevant rules and regulations in the People's Republic of China (the "PRC"), each of the Company's PRC subsidiaries shall provide 10% of the annual net income after tax, based on the subsidiary's PRC statutory accounts, as a statutory reserve, until the balance reaches 50% of the respective subsidiary's registered capital. Further appropriations can be made at the directors' discretion.

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

4. The merger reserve arose as a result of the Group reorganisation in 1999 and represented the net difference between the value recorded for the shares issued by the Company and the nominal value of the issued share capital of the subsidiary received in exchange.
5. The amount represented the fair value of equity component of convertible loan notes as at the date of initial recognition. On 28 January 2014, the convertible loan notes equity reserve was transferred to share premium upon the conversion of the convertible loan notes.
6. The amount represented the fair value of warrants as at the date of initial recognition, upon exercise of the warrants, the corresponding reserve was transferred to share premium, details are set out in Note 22.
7. The amount represents equity reserve arising from share-based compensations under share options scheme of the Group provided to directors and employees, details are set out in Note 21.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

		Six months ended 30 June	
	NOTES	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
OPERATING ACTIVITIES			
Operating cash flows before movements in working capital		77,319	(2,996)
(Increase) decrease in finance lease receivables		(3,416)	2,196
Interest paid		(2,916)	(274)
Other operating cash flows		(63,469)	(31,925)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		7,518	(32,999)
INVESTING ACTIVITIES			
Deposits paid for potential investments		(455,264)	–
Collection of loan receivables		22,568	–
Interest received		1,881	1,026
Proceeds from redemption of structured deposits		–	96,311
Acquisition of a subsidiary		–	32,837
Investments in structured deposits		–	(57,770)
Deposit paid to an escrow agent for acquisition of investment properties		–	(34,530)
Loan advanced to a third party		(25,000)	(22,742)
Placement of restricted bank deposits		–	(10,159)
Acquisition of property, plant and equipment		(1,474)	(983)
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(457,289)	3,990
FINANCING ACTIVITIES			
Proceeds from issue of shares	26	558,200	–
Transaction costs directly attributable to issue of shares		(8,041)	–
Proceeds from issue of warrant shares	26	150,968	–
Proceeds from issue of warrants	26	20,608	–
Transaction costs directly attributable to issue of warrants		(420)	–
Proceeds from bank borrowings		–	36,093
Repayment of bank borrowings		(17,666)	(1,850)
Repayment of amount due to a controlling shareholder		–	(1,068)
Interest paid for convertible loan note		–	(714)
Repayment of amounts due to non-controlling interests		–	(235)
NET CASH FROM FINANCING ACTIVITIES		703,649	32,226
NET INCREASE IN CASH AND CASH EQUIVALENTS		253,878	3,217
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		190,642	180,020
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(1,574)	972
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		442,946	184,209



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. BASIS PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for the call option (classified as “other financial asset”) and structured deposits which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

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 interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

In the current interim period, the Group has applied, for the first time, the following accounting policies are set out below.

Share-based compensations

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 21.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

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

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying accounting policies

The following are the critical judgement that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the condensed consolidated financial statements.

Classification of lease contracts as finance leases

The directors of the Company examined the terms of the existing lease contracts as at 30 June 2015 and evaluated the extent to which the risks and rewards incidental to the ownership of leased asset lie with China Coop Mengda Financial Leasing Co., Ltd (中合盟達融資租賃有限公司) ("China Coop Mengda") as the lessor, or the lessee. In making their judgement, the directors considered the indicators of classification of a lease as a finance lease set out in HKAS 17 "Leases". Taking into account the facts and circumstances, among others, that (i) the lessees have the option to purchase the leased assets at the end of the lease term at a nominal price; and (ii) the lessee is required to compensate China Coop Mengda for an amount equivalent to the outstanding finance lease receivable if the lessee cancels the lease, the directors are satisfied that the terms of the leases transferred substantially all the risks and rewards of ownership to the lessees and the lease contracts as at 30 June 2015 are classified as finance leases. Details are set out in Note 15.

Key sources of estimation uncertainty

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

Estimated impairment of finance lease receivables

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

During the current interim period, no impairment loss has been recognised for finance lease receivables. As at 30 June 2015, the carrying amount of finance lease receivables is approximately RMB113,881,000 (31 December 2014: RMB110,465,000).

Estimated impairment for deposits for potential investments

The Group estimates the impairment for deposits for potential investments by assessing of their recoverability based on credit history and prevailing market conditions. This requires the use of management judgement and estimates. Allowances are applied to deposits for potential investments where events or changes in circumstances indicate that the balances may not be collectible. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of deposits for potential investments in the period in which the estimate has been changed. The Group reassesses the impairment for deposits for potential investments at the end of the reporting period. As at 30 June 2015, the carrying amount of deposits for potential investments was approximately RMB1,672,599,000 (31 December 2014: RMB301,948,000).

Fair value measurements and valuation processes

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

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the management establishes the appropriate valuation techniques and inputs for fair value measurement. Notes 21, 22 and 25 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

4. 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) fund management services. 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.

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period under review:

Six months ended 30 June 2015 (unaudited)

	Research, development and distribution of software and provision of related maintenance, usage and information services RMB'000	Finance leasing RMB'000	Fund management services RMB'000	Total RMB'000
Segment revenue	59,867	8,297	87,000	155,164
Segment result	452	2,112	83,723	86,287
Unallocated expenses				(16,396)
Other income				2,151
Other gains and losses				(424,850)
Finance costs				-
Loss before tax				(352,808)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

4. SEGMENT REPORTING (CONTINUED)

Six months ended 30 June 2014 (unaudited)

	Research, development and distribution of software and provision of related maintenance, usage and information services RMB'000	Finance leasing RMB'000	Total RMB'000
Segment revenue	45,956	7,486	53,442
Segment result	2,056	6,824	8,880
Unallocated expenses			(15,085)
Other income			1,661
Other gains			1,241
Finance costs			(795)
Loss before tax			(4,098)

Apart from the finance leasing business and fund management services, all of the segment revenue is from external customers in the current interim period. For the period ended 30 June 2015, the revenue arising from finance leasing business amounted to RMBNil (six months ended 30 June 2014: RMB1,436,000) was from a related company. For the period ended 30 June 2015, the revenue arising from services income from fund management business amounted to RMB87,000,000.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in the Group's annual report for the year ended 31 December 2014. Segment result represents the profit earned or loss incurred by each segment without allocation of certain unallocated expenses, 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.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

4. SEGMENT REPORTING (CONTINUED)

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

	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Segment assets		
Research, development and distribution of software and provision of related maintenance, usage and information services	103,037	98,829
Finance leasing	202,083	232,457
Fund management services	87,600	–
Total segment assets	392,720	331,286

	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Segment liabilities		
Research, development and distribution of software and provision of related maintenance, usage and information services	133,649	73,727
Finance leasing	84,110	99,366
Fund management services	21,438	–
Total segment liabilities	239,197	173,093

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

- all assets are allocated to reportable segments other than property, plant and equipment, assets classified as held for sale, loan receivables, other receivables, deposits for potential investments, bank balances and cash and deposits and prepayments.
- all liabilities are allocated to reportable segments other than accruals and other payables.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

5. TURNOVER

	Six months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Maintenance service and usage fees	36,803	28,275
Information service fees	20,222	14,313
Sale of computer software	1,669	3,368
Finance lease income	8,297	2,443
Services income from fund management	87,000	–
Consultancy fee income	1,173	5,043
	155,164	53,442

6. OTHER INCOME

	Six months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Value added tax refund	8,119	3,801
Interest income	1,881	1,026
Gross rental income from investment properties	270	635
Subsidy income	–	50
Sundries	5	8
	10,275	5,520



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

7. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Loss on initial recognition of warrants (Note 22)	(424,850)	–
Net exchange (losses) gains	(1)	137
Gain from changes in fair value on financial instruments	–	1,241
	(424,851)	1,378

8. FINANCE COSTS

	Six months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Interest on bank borrowings wholly repayable on demand	2,916	–
Interest on convertible loan notes	–	795
	2,916	795
Less: Interest on bank borrowings wholly repayable on demand included in cost of sales	(2,916)	–
	–	795

9. LOSS BEFORE TAX

	Six months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Loss before tax is arrived at after charging:		
Salaries and other benefits (included directors' remuneration)	37,875	22,249
Contributions to retirement benefits scheme	5,925	5,117
Share-based compensations	4,302	–
Total staff costs	48,102	27,366
Depreciation of property, plant and equipment	1,836	1,212
Depreciation of investment properties	–	402
Amortisation of prepaid lease payments	–	684
Legal and professional fees	6,343	8,598
Cost of information service fees	15,767	13,031

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

10. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Current tax – PRC Enterprise Income Tax (“EIT”) – Charge for the period	26,331	1,338

No provision for taxation in Hong Kong has been made as the Group’s income neither arises in, nor is derived from, Hong Kong.

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

The Group’s operating subsidiaries, Shanghai Qianlong Network Technology Company Limited (“Qianlong Network”) and Shanghai Qianlong Advanced Technology Company Limited (“Qianlong Advanced”), used the preferential enterprise income tax at the concessionary rate of 15% as Qianlong Network and Qianlong Advanced obtained the renewal of the High-New Technology Enterprise Certificate and enjoy the preferential tax rate from 2014 to 2016.

11. DIVIDEND

No dividend were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

12. 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:

	Six months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Loss		
Loss for the period for the purposes of basic and diluted loss per share	(379,721)	(7,806)



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

12. LOSS PER SHARE (CONTINUED)

Number of shares

	'000	'000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	1,745,103	1,280,624

The weighted average number of shares for the period ended 30 June 2014 for the purposes of basic loss per share has been adjusted for the conversion of convertible loan notes in January 2014 and the subdivision of the Company's ordinary shares in February 2014.

The computation of diluted loss per share does not assume the exercise of the outstanding share options and warrants as the exercise of the share options and warrants would result in a decrease in loss per share in the current period.

The computation of diluted loss per share does not assume the exercise of the warrants as the exercise of the warrants would result in a decrease in loss per share in current period.

13. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group incurred approximately RMB69,000 (2014: RMB726,000) for leasehold improvement of office premises and RMB1,405,000 (2014: RMB257,000) for acquisition of computer and furniture, fixtures and office equipment in order to meet the administrative needs.

14. ASSETS CLASSIFIED AS HELD FOR SALE

The Group intends to dispose of the investment properties with the carrying value of RMB13,988,000 and the associated leasehold land with the carrying value of RMB36,960,000 in Shanghai which are no longer held to earn rentals or for capital appreciation in the next twelve months, therefore the properties were classified as assets held for sale as at 30 June 2015 and 31 December 2014. During the period, the Group entered into a sale and purchase agreement with an independent third party pursuant to which the Group agreed to sell the property at a total consideration of RMB53.5 million. Up to the date of authorisation of these condensed consolidated financial statements, the transaction was not completed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

15. FINANCE LEASE RECEIVABLES

	Minimum lease receipts		Present value of minimum lease receipts	
	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Finance lease receivables comprise:				
Within one year	16,003	62,149	15,608	58,160
In more than one year but not more than two years	3,849	50,861	2,980	42,209
In more than two years but not more than five years	–	13,332	–	10,096
Overdue/Repayable on demand finance lease receivables	19,852	126,342	18,588	110,465
Less: Unearned finance lease income	95,293 (1,264)	– (15,877)	95,293 N/A	– N/A
Present value of minimum lease receipts	113,881	110,465	113,881	110,465



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

15. FINANCE LEASE RECEIVABLES (CONTINUED)

	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Analysed as:		
Current finance lease receivables (receivable within twelve months)	110,775	52,027
Non-current finance lease receivables (receivable after twelve months)	3,106	58,438
	113,881	110,465
Fixed-rate finance lease receivables	95,293	88,202
Variable-rate finance lease receivables	18,588	22,263
	113,881	110,465

Effective interest rates per annum of the above finance lease receivables on the lease agreements as at 30 June 2015 and 31 December 2014 are as follows:

Effective interest rates

Fixed-rate finance lease receivables	12.6%
Variable-rate finance lease receivables	12% to 12.6%

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 leased assets 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.

The lease term of the lease agreements is 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

15. FINANCE LEASE RECEIVABLES (CONTINUED)

Finance lease receivables of approximately RMB3,410,000 (31 December 2014: Nil) as at 30 June 2015 are past due but not impaired. As the result of the default payment as set out below in relation to the Litigation with a finance lease, the full finance lease receivables of RMB95,293,000 become repayable on demand in accordance with the terms and conditions of the finance lease arrangement. The full amount is arising from the finance leasing arrangement from a third party lessee.

On 24 July 2015, a lessee failed to pay to the Group rental payment in a sum of not less than RMB5.70 million (including the interest payment) pursuant to the finance lease agreements entered between such lessee and the Group. The lessee denies the authenticity of the finance lease agreements with the Group. Details are set out in the announcement of the Group dated 24 July 2015.

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

The Directors assessed the potential impairment of the finance lease receivable under the Litigation and considered no impairment is required as an associate of one of the shareholders of China Coop Mengda, an indirectly non-wholly owned subsidiary of the Group, has provided a letter of guarantee in favour of the Group to guarantee the settlement of the outstanding finance lease receivables.

Given the above, the Directors considered the finance lease receivables under the Litigation can be recoverable within 12 months, and thus the full amount of such receivables was classified as current assets at 30 June 2015.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(a) Trade and other receivables

	At 30 June 2015 RMB'000 (unaudited)	At 31 December 2014 RMB'000 (audited)
Trade receivables	96,925	2,636
Less: allowance for doubtful debts	(317)	(317)
	96,608	2,319
Loan receivables (Note)	65,000	62,568
VAT receivables	32,422	20,832
Other receivables	10,242	9,292
	204,272	95,011

Note:

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

As at 30 June 2015 and 31 December 2014, two loans advanced to two independent corporations amounting to RMB40,000,000 during the year ended 31 December 2014 are unsecured and guaranteed by an independent financial guarantee company, bearing a fixed interest rate of 16.8% per annum and repayable within one year.

During the six months ended 30 June 2015, the Group advanced RMB25,000,000 to one independent corporation. The amount is unsecured, bearing a fixed interest rate of 16.8% per annum and repayable within one year.

During the year ended 31 December 2014, three loans were advanced to two independent corporations by the Group amounted to RMB22,568,000. The amounts were unsecured and bearing a fixed interest rate of 18% per annum. The full loan amounts were settled in March 2015.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

(a) Trade and other receivables (continued)

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

	At 30 June 2015 RMB'000 (unaudited)	At 31 December 2014 RMB'000 (audited)
0 to 30 days	88,948	1,532
31 to 90 days	7,198	218
91 to 365 days	42	385
Over 365 days	420	184
	96,608	2,319

(b) Deposits and prepayments

	At 30 June 2015 RMB'000 (unaudited)	At 31 December 2014 RMB'000 (audited)
Deposits	902	776
Prepaid professional fee	1,249	568
Prepaid data fee	1,354	1,550
Prepaid rent	1,093	752
Prepaid network custody fee	544	319
Deposits for potential investments (Note)	1,672,599	301,948
Others	749	2,493
	1,678,490	308,406
Less: Amounts shown under current assets	(5,891)	(6,458)
Amounts shown under non-current assets	1,672,599	301,948



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

(b) Deposits and prepayments (continued)

Notes:

The amount represents deposits put in escrow:

- i. to a PRC lawyer as escrow agent during the year ended 31 December 2014 in relation to a potential acquisition of an interest in Sino-agri Agricultural Machinery Holding Company Limited* (中農集團農機控股有限公司) ("Sino-agri Agricultural Machinery") principally engaged in the manufacturing and sales of agricultural machinery, amounted 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 30 June 2015 and 31 December 2014.
- ii. to an 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 Investment Co, Ltd* (廣東新供銷天成投資有限公司) ("Guangdong New Co-Op Skyrise"), amounted to RMB149,109,000. If the possible capital injection cannot be completed before 31 December 2015 (the "Completion Deadline"), the parties shall agree on another date for the completion of the possible capital injection within 3 business days upon the expiry of the Completion Deadline. If the parties agree not to proceed with the possible capital injection or the parties fail to reach a consensus, and provided that the Company is not in default of the agreement(s) in relation to the possible capital injection, the earnest money shall be returned to the Company. If the parties agree to proceed with the possible capital injection, the parties shall agree on the details of the possible capital injection and the treatment of the earnest money. Details of this possible capital injection were set out in the announcements of the Company dated 24 December 2014, 22 May 2015 and 20 August 2015. The deposit was classified as non-current asset as at 30 June 2015 and 31 December 2014.
- iii. to an escrow agent during the period ended 30 June 2015 in relation to a possible 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) ("Ji Lin Agricultural Co"), amounted to RMB280,900,000. If the possible investment cannot be completed and provided that the Company is not in default of the agreement(s) in relation to the possible investment, the earnest money and security money which sum of RMB280,900,000 shall be returned to the Company upon notice by the Company to terminate the possible investment. Details of this possible investment were set out in the announcements of the Company dated 2 July 2015 and 19 August 2015. The deposit was classified as non-current asset as at 30 June 2015.
- iv. to an escrow agent during the period ended 30 June 2015 in relation to a possible acquisition of the business and assets of the Chengdu West Agricultural Products Wholesale Market* (成都西部農產品批發市場) (the "Wholesale Market"), including the ownership of the properties and the land use right of the Wholesale Market, amounted to RMB200,000,000. Details of this possible acquisition were set out in the announcement of the Company dated 26 May 2015. If the possible investment cannot be completed and provided that the Company is not in default of the agreement(s) in relation to the possible investment, the security money of RMB200,000,000 shall be returned to the Company upon notice by the Company to terminate the possible investment. As at reporting date, the Company and (Dujiangyan City Modern Agricultural Development Investment Co., Limited*) (都江堰市現代農業發展投資有限公司) were still in the process of negotiation in respect of the possible acquisition. The deposit was classified as non-current asset as at 30 June 2015.
- v. to an escrow agent during the period ended 30 June 2015 in relation to a possible arrangement for setting up 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) ("Co-Op Fund Management"), amounted to RMB850,000,000. If the investment fund is unable to obtain necessary approval from 中華全國供銷合作總社 (All China Federation of Supply and Marketing Cooperatives*) or relevant authority before 31 December 2015 or such other dates as agreed by the parties, the parties will not enter into any legally binding definitive agreement in relation to the establishment of the investment fund, and the Retainer Money (after deducting necessary expenses for preparation of the Fund) shall be returned to the Company forthwith. Details of this possible investment were set out in the announcements of the Company dated 25 August 2015 and 27 August 2015. The deposit was classified as non-current asset as at 30 June 2015.

* The English name is for identification purpose only



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

17. TRADE AND OTHER PAYABLES

	At 30 June 2015 RMB'000 (unaudited)	At 31 December 2014 RMB'000 (audited)
Trade payables	5,321	1,344
Salaries and bonus payables	8,178	12,943
Receipts in advance	6,598	1,040
Accruals	8,213	7,371
Payables to agricultural merchants (Note)	6,222	217
Other payables	8,660	3,548
	43,192	26,463

Note:

Beijing Guonong Taifeng Agricultural Consultancy Co., Ltd.* (北京市國農泰豐業諮詢有限公司) ("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.

The amounts at 30 June 2015 and 31 December 2014 represented payables to merchants for such agricultural financial services business. At 30 June 2015, the corresponding bank receipts amounted to RMB6,222,000 were deposited into a designated bank account which was held by Guangzhou Commodity Exchange (廣州商品交易所) as other receivables; whereby, at 31 December 2014, the corresponding bank receipts amounted to RMB217,000 were deposited into a restricted bank account held by the Group which was shown as a restricted bank deposit.

* The English name is for identification purpose only.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

17. TRADE AND OTHER PAYABLES (CONTINUED)

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

	At 30 June 2015 RMB'000 (unaudited)	At 31 December 2014 RMB'000 (audited)
0 to 30 days	1,507	673
31 to 90 days	3,814	671
	5,321	1,344

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

18. BANK BORROWINGS

During the six months ended 30 June 2014, the Group obtained bank loans amounted to approximately RMB36,093,000.

During the six months ended 30 June 2015, the Group repaid bank loans of approximately RMB17,666,000 (six months ended 30 June 2014: RMB1,850,000). The loans were secured by the Group's finance lease receivables and carried interest at variable-rate at 6.6% to 7.38% per annum (six months ended 30 June 2014: 6.6% to 7.38% per annum). The proceeds were mainly used in the finance leasing business.

As set out in Note 15, the Group initiated court proceedings against one of its finance leasing borrowers. Given the fact that the bank loans were secured by the Group's finance lease receivables, the directors of the Company is of the opinion that the full amount of the bank borrowings at 30 June 2015 are required to be settled upon the collection of the finance lease receivable, which is expected to be settled within one year after the end of the reporting period. As such, the bank borrowings are classified as current liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

19. DEFERRED REVENUE

	At 30 June 2015 RMB'000 (unaudited)	At 31 December 2014 RMB'000 (audited)
Amounts to be recognised as revenue within one year, classified as current liabilities	71,446	44,449
Amounts to be recognised as revenue after one year, classified as non-current liabilities	11,786	12,095
	83,232	56,544

Deferred revenue represents maintenance services and usage fees received in advance at the end of each reporting period.

20. SHARE CAPITAL

	Number of ordinary shares '000	Share capital RMB'000
Authorised:		
At 1 January 2014 – Ordinary shares of HK\$0.1 each	1,000,000	106,510
Share subdivision	3,000,000	–
At 31 December 2014, 1 January 2015 and 30 June 2015 – Ordinary shares of HK\$0.025 each	4,000,000	106,510
Issued and fully paid:		
At 1 January 2014 – Ordinary shares of HK\$0.1 each	252,600	26,128
Conversion of convertible loan notes	79,478	6,247
Share subdivision	996,233	–
Issuance of new shares	125,660	2,488
At 31 December 2014 and 1 January 2015 – Ordinary shares of HK\$0.025 each	1,453,971	34,863
Issuance of new shares (Note a)	314,737	6,229
Issuance of warrant shares (Note b)	276,158	5,430
Issuance of new shares (Note c)	58,000	1,139
At 30 June 2015 – Ordinary shares of HK\$0.025 each	2,102,866	47,661



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

20. SHARE CAPITAL (CONTINUED)

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

Notes:

- (a) 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 its immediate holding company, Parko (Hong Kong) Limited ("Parko"), all at the price of HK\$3.0 per share under specific mandates.
- (b) On 2 June 2015, the Company completed the placement of 141,463,000 unlisted warrants under specific mandates of HK\$0.189 per warrant to not less than six placees and subscription of 212,194,500 unlisted warrants under specific mandates of HK\$0.189 per warrant by Parko. The warrant holders are entitled to exercise the warrants to subscribe the share of the Company at an exercise price of HK\$3.0 each. During the period ended 30 June 2015, 276,157,500 warrants was exercised and 276,157,500 warrant shares were issued by the Company.
- (c) On 23 June 2015, the Company completed the placing of 58,000,000 new shares by the placing agents to not less than six placees (including, among others, The People'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 mandates.

21. SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 12 June 2014 to provide incentives and rewards to the director and employees of the Group for their future contribution and to retain key and senior employees of the Group.

The total number of options granted under the share option scheme was 19,500,000 on 2 April 2015. The directors and the employees under the share option scheme are required to complete the service period until the vesting date. The subscription price for the shares under the share option scheme is fixed at HK\$2.33, determined with reference to the highest of (i) the closing price of HK\$2.33 per share as stated in the daily quotation sheets issued by the Stock Exchange of Hong Kong Limited ("Stock Exchange") on the date of grant; (ii) the average closing price of HK\$2.326 per share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of HK\$0.025 per share.

The following is a summary of option transactions under the Group's stock option for the period ended 30 June 2015.

	Number of options	Exercise price HK\$
At 2 April 2015 and 30 June 2015	19,500,000	2.33



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21. SHARE OPTION SCHEME (CONTINUED)

The fair value of these options at date of grant was approximately HK\$15,592,000 (equivalent to RMB12,299,000), of which approximately RMB4,302,000 was charged to the profit or loss for the period ended 30 June 2015.

The following table summarises information about the share options outstanding and exercisable for the period ended 30 June 2015:

Category of grantees	Date of grant	Exercise period	Exercise price per share HK\$	Number of share options		
				At 1.1.2015	Granted during the period	At 30.6.2015
Directors of the Company	2.4.2015	8.4.2015–7.4.2016	2.33	–	3,150,000	3,150,000
	2.4.2015	8.4.2016–7.4.2017	2.33	–	3,150,000	3,150,000
	2.4.2015	10.4.2017–6.4.2018	2.33	–	4,200,000	4,200,000
Employees of the Group	2.4.2015	8.4.2015–7.4.2016	2.33	–	2,700,000	2,700,000
	2.4.2015	8.4.2016–7.4.2017	2.33	–	2,700,000	2,700,000
	2.4.2015	10.4.2017–6.4.2018	2.33	–	3,600,000	3,600,000
Total				–	19,500,000	19,500,000
Exercisable at period end						5,850,000

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

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

22. WARRANTS

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

Each warrant carries the right to subscribe for one warrant share within 12 months from the date of the issue of the warrants. 353,657,500 placing and subscription warrants are subsequently issued on 2 June 2015 at the price of HK\$0.189 per warrant. All the substantive conditions for the issue of the warrants were achieved on 13 May 2015.

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

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

The warrants were measured at fair value of approximately HK\$608,400,000 (equivalent to RMB477,290,000) at the initial recognition, and were credited to warrant reserve. The excess of the fair value of the warrants over the consideration of issuance of warrants of approximately HK\$66,845,000 (equivalent to approximately RMB52,440,000) amounting to HK\$541,556,000 (equivalent to RMB424,850,000) was recognised as a loss in the condensed consolidated statement of profit or loss and other comprehensive income for the period ended 30 June 2015.

Warrants of 276,157,500 shares were exercised at the price of HK\$3.0 during the interim period, and were credited to share capital with an amount of approximately HK\$6,904,000 (equivalent to approximately RMB5,430,000). The excess of the exercise price over the par value, amounting to HK\$821,569,000 (equivalent to approximately RMB646,210,000) was recognised as share premium.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

23. CAPITAL COMMITMENT

	At 30 June 2015 RMB'000 (unaudited)	At 31 December 2014 RMB'000 (audited)
Capital expenditure in respect of the formation of a subsidiary contracted for but not provided in the consolidated financial statements (Note a)	35,550	35,550
Capital expenditure in respect of potential acquisition authorised but not contracted for (Note b)	–	97,161
Capital expenditure in respect of potential investment authorised but not contracted for (Note c)	150,891	150,891
Capital expenditure in respect of potential contribution to a subsidiary contracted for but not provided in the consolidated financial statement (Note d)	391,124	391,124

Notes:

(a) Formation of a subsidiary

On 21 March 2014, the Group, through a wholly-owned subsidiary of the Company, Ever Harvest Inc Limited ("Ever Harvest"), entered into an agreement with Xinyuan Taifeng Agricultural Asset Management (Beijing) Company Limited* (新源泰豐農業資產管理(北京)有限公司) ("Xinyuan") (the "Xinyuan Joint Venture Agreement"), to form Beijing Guonong Taifeng in the PRC which engaged 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 RMB35.5 million to the new company, 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. Up to the date of authorisation of these condensed consolidated financial statements, the transaction was not completed.

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

23. CAPITAL COMMITMENT (CONTINUED)

Notes: (continued)

(b) Potential acquisition

On 1 December 2014, the Company entered into a memorandum of understanding in relation to a potential acquisition of an interest in Sino-agri Agricultural Machinery principally engaged in the manufacturing and sales of agricultural machinery in the PRC amounted to RMB250,000,000. The Group has put a deposit to a PRC lawyer as escrow agent amounted 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 million which shall be settled in cash. Pursuant to the SPA, the Company has further agreed to grant the shareholder's loan up to RMB145 million, in three tranches, subject to the terms and condition therein.

As the sum of the consideration can be covered by the above-mentioned deposit (see Note 16(b)(i)), there was no capital commitment for such at 30 June 2015.

Details of the above are set out in the Company's announcement 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) Possible capital injection

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

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

Pursuant to the 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.

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 and 20 August 2015.

(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.

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

Up till the reporting date of this report, the Company is still in the process of arranging the said capital contribution to China Coop Mengda.

* The English name is for identification purpose.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

24. RELATED PARTY TRANSACTIONS

The controlling shareholder of the Company defined under the Listing Rules is Parko which is controlled by Hebei Supply and Marketing Cooperative ("Hebei SMC") which business is guided by the All China Federation of Supply and Marketing Cooperatives ("All China FSMC") led by the State Council of the PRC and its development direction and staff appointments are advised by the Hebei Provincial People's Government. Accordingly, the Group is significantly influenced by All China FSMC and its subsidiaries (collectively referred as "All China FSMC Group"). All China FSMC Group is part of a larger group of companies significantly influenced by the PRC government. The balances with Hebei SMC and its subsidiaries and other PRC government-related financial institutions are disclosed below.

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

	At 30 June 2015 RMB'000 (unaudited)	At 31 December 2014 RMB'000 (audited)
Finance lease receivable from a related company	–	4,224
Amounts due to non-controlling interests	(2,528)	(3,204)

Finance lease receivable from a related company is fully settled during the period ended 30 June 2015.

Finance lease receivable from a related party and amounts due to non-controlling interests were unsecured, interest-free and repayable on demand.

(b) Transactions with All China FSMC Group

	Six months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Services income from fund management	87,000	–
Finance lease income	–	1,436



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

24. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with other PRC government-related entities

Apart from the balances with All China FSMC Group as disclosed in Notes 24(a) and (b), the Group has entered into various transactions in its ordinary course of business including bank balances, restricted bank deposits and bank borrowings, with certain banks which are government-related entities.

(d) The remuneration of key management personnel included directors' remuneration are as follows:

	Six months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Salaries and other benefits	3,636	3,828
Share-based compensations	4,302	–
	7,938	3,828

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

Investment in a call option and structured deposits of the Group are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Financial assets	Fair values	Fair value hierarchy	Valuation technique and key inputs	Relationship of unobservable inputs to fair value
Call option classified as other financial asset in the condensed consolidated statement of financial position	Asset – RMB624,000 as at 30 June 2015 and 31 December 2014	Level 3	Binomial tree option pricing Key unobservable inputs are: exercise price, expected volatility and risk free rate	The higher the exercise price, the lower the fair value. The higher the expected volatility, the higher the fair value. The higher the risk free rate, the lower the fair value.
Structured deposits	Bank deposits in Mainland China with non-closely related embedded derivative	Level 3	Discounted cashflows Key unobservable inputs are: expected yields of money market instruments and debt instruments invested by bank and a discount rate that reflects the credit risk of the bank (Note)	The higher the expected yield, the higher the fair value. The higher the discount rate, the lower the fair value.

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

RMB1,241,000 was recognised in profit or loss relating to the change in fair value of the structured deposit for the period ended 30 June 2014.

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

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

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

26. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2014, the Group used the proceeds from issue of shares, a cheque issued by a subsidiary of Hebei SMC as the consideration of share subscription amounting to RMB152,839,000 from Parko, to place directly to a PRC lawyer acting as an escrow agent as a deposit for a potential investment. Detail disclosed in Notes 16(b)(i) and 23(b).

During the period ended 30 June 2015, the Group used the proceeds from issue of shares, a cheque issued by a subsidiary of Hebei SMC as the consideration of share subscription amounting to RMB186,900,000 from Parko, to place directly to a PRC lawyer acting as an escrow agent as deposits for potential investments. Details disclosed in Note 16(b)(iii).

During the period ended 30 June 2015, the Group used the proceeds from issue of shares, a cheque issued by a subsidiary of Hebei SMC as the consideration of share subscription amounting to RMB200,000,000 from Parko, to place directly to a PRC lawyer acting as an escrow agent as deposit for a potential investment. Details disclosed in Note 16(b)(iv).

Furthermore, during the period ended 30 June 2015, the Group used the proceeds from the issue of warrants and the exercise of warrants by Parko amounting to approximately RMB528,491,000, which has been transferred directly from Parko to Dongyue Holdings Limited* (東越控股有限公司), a wholly-owned subsidiary of Coopinvest Company Limited* (中合聯投資有限公司), to hold the fund in escrow as an escrow agent as earnest money for the establishment of the investment fund. Details disclosed in Note 16(b)(v).

* The English name is for identification purpose only.

27. EVENTS AFTER REPORTING PERIOD

(i) Possible investment in Ji Lin Agricultural Co.

On 2 July 2015, the Company entered into a cooperation agreement with Ji Lin Agricultural Co. in relation to the possible acquisition of 90% shareholding in Ji Lin Agricultural Co., which is the beneficial owner of the East Northern Asia Logistic Park (東北亞物流園). The consideration of this possible investment will be determined on the basis of fair valuation, details of which are to be negotiated between the parties. It is currently contemplated that the Company will, after the completion of this investment, settle a debt that is due from Ji Lin Agricultural Co. together with interest thereon, which currently stands at approximately RMB210 million in aggregate.

On 19 August 2015, the Company and Ji Lin Agricultural Co. entered into a supplemental cooperation agreement to set out further arrangements of the above mentioned possible investment. The Company has deposited an amount of RMB94 million to an escrow agent mutually agreed by the parties to hold the fund in escrow as earnest money of such possible investment. In addition, a subsidiary of the Company has deposited a cheque in the amount of RMB186,895,600 to a law firm designated by the Company to hold the cheque in escrow as deposit of the possible investment.

Details of the above are set out in the Company's announcements dated 2 July 2015 and 19 August 2015.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

27. EVENTS AFTER REPORTING PERIOD (CONTINUED)

(ii) Finance lease agreement

On 2 July 2015, China Coop Mengda, an indirect non-wholly owned subsidiary of the Company, as the lessor, has entered into the finance lease agreement with a customer ("Customer A"), which is an independent third party, pursuant to which China Coop Mengda agreed to purchase the leased assets as specified in the finance lease agreement from Customer A and such leased assets will be leased back to Customer A. The total rental payment under the finance lease agreement was approximately RMB70.29 million (equivalent to approximately HK\$87.86 million).

Details of the above are set out in the Company's announcement dated 2 July 2015.

(iii) Appointment of trustee of share award scheme

On 6 July 2015, the Company had entered a trust deed and appointed the Trustee for the administration of the share award scheme of the Company. The Trustee is a third party independent of and not connected with the Company and any of its connected persons (as defined under the Listing Rules).

Details of the above are set out in the Company's announcement dated 6 July 2015.

(iv) Potential default in respect of finance lease agreements

On 24 July 2015, the Company announced that China Coop Mengda had entered into various finance lease agreements with Central China Securities Co. Ltd (the "Lessee") since 2013, but the Lessee has failed to pay China Coop Mengda rental payment in a sum of not less than RMB5.70 million (including the interest payment). Accordingly, the Board considers that the finance lease agreements may be under a potential of default.

On 12 August 2015, China Coop Mengda has initiated court proceedings against the Lessee and 上海京文電子科技有限公司, the designated payor of the transactions contemplated under the finance lease agreements, at Xicheng District Court of Beijing City* (北京市西城區人民法院) (the "Xicheng District Court") in relation to the default of rental payments payable to China Coop Mengda pursuant to the finance lease agreements. The Xicheng District Court has preliminarily accepted the case.

Details of the above are set out in the Company's announcements dated 24 July 2015 and 14 August 2015.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

27. EVENTS AFTER REPORTING PERIOD (CONTINUED)

(v) Supplemental agreement in respect of the acquisition of Sino-Agri Agricultural Machinery

On 12 August 2015, the Company, the Sino-agri Group, and the Sino-agri Agricultural Machinery entered into a supplemental agreement to amend certain terms of the SPA in relation to the acquisition. 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) (“Yi-Agri Investment”), a wholly-owned subsidiary of the Company; and (ii) the Company shall proceed with making capital contribution into Yi-Agri Investment before 31 August 2015 (or such other dates as the parties may agree in writing). The consideration shall be paid in cash to the Sino-agri Group within 5 business days upon the completion of the aforesaid capital contribution.

Details of the above are set out in the Company’s announcement dated 12 August 2015.

(vi) Finance lease agreement with Shandong United Pesticide

On 17 August 2015, China Coop Mengda, as the lessor, has entered into the finance lease agreement with Shandong United Pesticides Industrial Co., Ltd* (山東省聯合農藥工業有限公司) (“Shandong United Pesticide”), as the lessee, pursuant to which China Coop Mengda agreed to purchase the lease assets as specified in the finance lease agreement from Shandong United Pesticide and such lease assets will be leased back to Shandong United Pesticide. The total rental payment under the finance lease agreement was approximately RMB38.16 million (equivalent to approximately HK\$46.17 million).

Details of the above are set out in the Company’s announcement dated 17 August 2015.

(vii) Supplemental framework agreement with Guangdong New Co-op Skyrise

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 such 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.

(viii) Cooperation framework agreement in respect of a possible cooperation

On 25 August 2015, the Company and Co-Op Fund Management entered into a framework cooperation agreement in relation to the possible cooperation between the Company and Co-Op Fund Management in the establishment of a fund for investment projects in the form of a limited liability partnership under laws of the PRC.

Details of the above are set out in the Company’s announcement dated 25 August 2015 and 27 August 2015.

* The English name is for identification purpose only.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Macro-economy and the direction of the Group's strategy

In the first half of 2015, China's economy remained stable with GDP growth at 7.0% year-on-year. During the period, the Chinese Government showed its continued support for the development of "agriculture, rural areas and farmers". For example, 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 Central Committee of the Communist Party of China and the State Council in April this year, proposed to accelerate the development of e-commerce businesses of supply and marketing cooperatives ("the Cooperatives"). In addition, the General Office of the China Banking Regulatory Commission issued the "Notice on Effectively Providing Rural Financial Services in 2015" (《關於做好2015年農村金融服務工作的通知》) in order to guide financial institutions in the banking sector to improve rural financial services, support agricultural modernization, and continue to deploy financial resources to "agriculture, rural areas and farmers".

Riding on the Chinese government's policies, the Group's business roadmap plan in developing the internet finance industry chain (互聯網金控產業鏈) is becoming clearer. The Group's two major platforms serving the "agriculture, rural areas and farmers" sector, namely the "Agripay" ("農匯通"), a cash settlement system, and the China Agriculture Commodities Exchange ("中國農業交易平台"), a trading platform for agricultural products; have achieved sound progress in 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".

OUTLOOK

As the Chinese economy has entered a "new normal" phase, the State has made unwavering efforts in deploying financial resources to support "agriculture, rural areas and farmers". With the implementation of the "Internet Plus" strategy, speeding up the development of innovative internet-related products and services will assist China in building on inclusive finance system and realizing the progressive integration of internet finance and rural reforms.

Leveraging the leading position and superior resources of the Cooperatives led by the State Council, the Company will continue to explore the development potential of the internet finance industry chain in areas of "agriculture, rural areas and farmers". By establishing an internet finance industry chain, the Group strives to advance the reform of the rural financial system with the support of government policies.



MANAGEMENT DISCUSSION AND ANALYSIS

As for its rural financial services business, the Group will continue to cooperate with prestigious third parties to enhance online functions of its cash settlement system Agripay. The Group will also upgrade Agripay's services, including agricultural-related payment and cash sweep services, to enhance nationwide penetration of Agripay. As for trading in agricultural means of production, the Group will continue to encourage agricultural-related product transactions on its trading platform, enrich the variety of products being traded, and provide diversified services both online and offline, transforming the platform into an e-commerce platform comprising O2O, B2B and C2C services. In the meantime, the Group plans to inject capital into Guangdong New Co-Op Skyrise to realize its plan to develop a tea leaves trading platform and its objectives of serving the agricultural sector in the sectors of "Trading in Agricultural Means of Production" and "Urbanization Planning, Operating and Managing".

The Company is expected to be beneficially owned in part by All China Federation of Supply and Marketing Cooperatives ("中華全國供銷合作總社") and thereby receive strategic support from the entity. This strategic move would give a further boost to the Group's development by strengthening its internet finance industry chain.

FINANCIAL REVIEW

For the six months ended 30 June 2015, the Group reported a turnover of RMB155,164,000, representing an increase of 190.34% as compared with the same period last year. Gross profit increased by 238.46% to RMB133,489,000. Loss attributable to owners of the Company was RMB379,721,000, compared to a loss of RMB7,806,000 in the same period last year. Basic and diluted loss per share was RMB21.76 cents, compared to basic and diluted loss per share of RMB0.61 cents in the same period last year.

The loss recorded for the six months ended 30 June 2015 was mainly attributable to the following reasons: the one-off fair value loss arising from an initial recognition of unlisted warrants by the Company, based on a valuation report prepared by an independent valuer, which had been recorded in the Company's statement of profit and loss and other comprehensive income in accordance with the requirements under Hong Kong Financial Reporting Standards adopted by the Company, and shall have no impact on the Group's cash flow and net assets.

If not considering the one-off fair value loss amounted to RMB424,850,000, the Group will make a profit of RMB45,129,000 with average weight of earning per share of 0.0259 for the six months ended 30 June 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

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 is 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 this March, requires the strengthening of regulation over rural financial institutions to provide support for the economic development of rural areas.

Leveraging on the national policies, the "internet finance industry chain" (互聯網金控產業鏈) strategic blueprint of the Group has become more certain in the first half of 2015. Regarding financial leasing businesses, China Coop Mengda plans to focus on the provision of general leasing of movable properties and financial leasing to state-owned enterprises in China, large-scale corporations and enterprises under the supply and marketing cooperatives system supervised and directed by the All China Federation of Supply and Marketing Cooperatives. Areas in which China Coop Mengda is currently involved include leasing of machinery, production lines, information technology and equipment, power systems, elevators and air-conditioning systems. Meanwhile, not only has China Coop Mengda continued to develop long-term, deep and stable cooperation with partnered banks, it has also sought cooperation with various banks and financial institutions in Beijing. In the future, China Coop Mengda, being a Sino-foreign joint venture financial leasing company, is expected to serve as a lever and channel for its functions in rural financing and of a finance leasing company in the supply and marketing cooperatives system. Meanwhile, China Coop Mengda will continue to cooperate with the other operations and subsidiaries of the Group to create greater synergy.

In respect of capital management and settlement, the Group's "Agripay" was in steady operation and gained the attention of Dalian Renewable Energy Exchange Company Limited* (大連再生資源交易有限公司), which has planned to adopt the "Agripay" system to manage fully the capital operation and settlement of its trading platform. In addition, in June 2015, the Group entered into a strategic cooperation agreement with China Innovationpay Group Limited, a leading player of the third party payment industry, to improve the "Agripay" System and develop a mobile terminal application for the "Agripay" System, while jointly exploring opportunities in the development of financial products and services in the agricultural product industry chain. In the future, following the increasing working capital in the "Agripay" system, the Group will further optimize the system to meet the massive amount of trading capital management, settlement and operations.



MANAGEMENT DISCUSSION AND ANALYSIS

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

In the first half of 2015, the Group's trading in agro-products means and consolidation sector began to make progress. 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), cooperated in the development, construction, operation and management of a comprehensive nationwide trading platform for agro-products, namely China Agricultural Trading Platform (中國農業交易平台), which was launched in the late January this year. Since its operation, over 200 members have traded more than 100 different types of chemical fertilizers online, blessed by the steady operation of the platform, achieving an ideal transaction volume. In addition, 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 this year, to develop various insurance products and other value-adding services through the China Agricultural Trading Platform. Leveraging on 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 the future, the China Agricultural Trading Platform will continue to enrich the scope of the product variety, attract more traders and improve the value-adding services on the platform, with an aim of becoming an electronic trading platform for bulk commodities that will offer functions including agricultural product trading, financing, insurance, storage and logistics, and settlement.

Meanwhile, 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") in April this year, pursuant to which, the Group proposed to acquire 30% sale interest in Sino-agri Agricultural Machinery from Sino-agri Group in order to tap into the agricultural machinery market officially. In May this year, the Group entered into a cooperation framework agreement with Guangdong-agri Group for the possible capital injection in Guangdong New Co-Op Skyrise with a view to develop the tea leaves trading platform and its objectives of serving the agricultural sector in urbanization plan, operation and business management. Meanwhile, the Group entered into a letter of intent with Dujiangyan City Modern Agricultural Development Investment Co. Limited* (都江堰市現代農業發展投資有限責任公司) ("Dujiangyan Investment Co.") for the proposed acquisition of the business and assets of the Wholesale Market in May 2015. The above possible investment enables the Group to deepen its cooperation with the People's Government of Dujiangyan City, including but not limited to the e-commerce development of agricultural sector and rural financing. In early July this year, the Group entered into a cooperation agreement with Ji Lin Agricultural Co. in relation to the development project of the Logistic Park. Both parties are committed to building the project into the base for agricultural trading, logistics support and rural financing in the Northeastern region. In the future, the Group will continue to combine and consolidate excellent agro-corporations, accelerate business expansion into the entire country, and deepen the layout of the internet finance industry chain.

MANAGEMENT DISCUSSION AND ANALYSIS

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

In relation to personal edition lines of our software products, the Company leveraged on its technological advantage on data accumulation and data mingling, and achieved fruitful results. In the Hong Kong software market, the personal edition lines of Qianlong (錢龍) software products continued to receive positive responses from professional investors in the Hong Kong stock market by virtue of its continuous improvements on performance and varieties of practical and innovative features. Following the development of Shanghai-Hong Kong Stock Connect, continuation rates and market share of Qianlong (錢龍) Hong Kong software further reinforced its leading position. As for the software market in the US, the user base of Qianlong US Stocks Software (錢龍美股通軟件) is gradually expanding having established a good reputation among users. There is a significant upgrade in sources of industry information, where its terminal of the Qianlong US Stocks Software (錢龍美股通軟件) obtained direct connection with three major exchanges in the US. Aspects such as refresh rate of source of industry information and data integrity are becoming mature.

In relation to business edition lines of our software products, focusing on the needs of business transformation of securities firm under the new circumstances, "Qianlong Securities Service Platform" (錢龍證券服務平台), developed by the Company, has succeeded in the provision of quality services and precision marketing, resulting in a significant increase in the volume of client transactions and improvement in customer loyalty. With its sound reputation in the industry, the number of contracted clients of "Qianlong Securities Service Platform" (錢龍證券服務平台) is growing rapidly, giving the Company with a very optimistic sales prospect.

Meanwhile, in terms of industry information and transaction terminal, the Company's strategy of custom-tailoring combined with product standardization is becoming well established. Amongst all, Shanghai-Hong Kong Stock Connect software is able to satisfy demands including market disclosure, technical analysis, entrusted placement of orders and platform management of domestic and foreign investors who engage in dealings of shares in Shanghai Hong Kong Stock Connect. Product sales are booming and the products catering for Shenzhen-Hong Kong Stock Connect are ready in the near future. In addition, all-in-one software "Qianlong Option Kit" (錢龍期權寶) which features industry information, strategy and trade execution continues to improve and upgrade, creating an excellent experience for professional option investors and its user reputation ranked top. In the future, as the options market gradually grows and the testing of options trading on Shenzhen Stock Exchange starts, "Qianlong Option Kit" (期權寶軟件) will have a brighter prospect in the market and become another stable source of growth of our results.

On 22 May 2015, Qianlong Advanced, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party pursuant to dispose of its property located at 25/F, No. 855 Pudong South Road, World Plaza, Shanghai, the PRC (中國上海浦東南路855號世界廣場25樓), together with 10 car park spaces at a total consideration of RMB53.5 million.



MANAGEMENT DISCUSSION AND ANALYSIS

ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2015, the Group's administrative expenses increased by 36.30% to RMB25,362,000, primarily due to the increase in administrative costs in new subsidiary and China Agriculture Commodities Exchange Platform.

WORKING CAPITAL AND FINANCIAL RESOURCES

As at 30 June 2015, the Group's cash and cash equivalents amounted to RMB442,946,000 (31 December 2014: RMB190,642,000), representing an increase of 132.34%.

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. As disclosed in the announcement of the Company dated 6 February 2015, the Company intends to apply the such net proceeds together with the net proceeds of approximately HK\$369.7 million raised from the placing and subscription completed on 22 October 2014, in accordance with the use of proceeds therein, 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.

On 2 June 2015, the Company completed the placing agreement with a placing agent under specific mandate and issued 141,463,000 unlisted warrants at an issue price of HK\$0.189 per warrant. The placing warrants entitled the holders to subscribe for up to 141,463,000 new shares at an exercise price of HK\$3.0 per share. On the same date, the Company also completed the subscription agreement with Parko under specific mandate and issued 212,194,500 subscription warrants at an issue price of HK\$0.189 per warrant. The subscription warrants entitled Parko to subscribe 212,194,500 new shares at an exercise price of HK\$3.0 per share. The Company raised net proceeds of approximately HK\$66.3 million upon the issuance of a total of 353,657,500 warrants. As at 30 June 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 (i) a possible investment in a tea leaves trading platform (details of which are disclosed in the Company's announcement dated 24 December 2014); (ii) a possible investment in a processing plant for agricultural by-products; and (iii) the investment in Sino-agri Agricultural Machinery (details of which are disclosed in the Company's announcement dated 2 December 2014).



MANAGEMENT DISCUSSION AND ANALYSIS

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 warrants to establish a fund for investment projects in the form of 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.

On 23 June 2015, the Company completed the placing of 58,000,000 new shares to not less than six places at the placing price of HK\$4.25 per share under general mandate and raised net proceeds of approximately HK\$240.3 million. The Company intends to apply such proceeds to a possible acquisition of the Wholesale Market, including the ownership of the properties and land use right of the Wholesale Market and for working capital (details of which are disclosed in the Company's announcement dated 23 June 2015).

MAJOR INVESTMENTS

(i) Acquisition of Sino-Agri Agricultural Machinery

On 29 April 2015, the Company, Sino-agri Group and Sino-agri Agricultural Machinery 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 Agricultural Machinery, at the consideration of RMB105 million (equivalent to approximately HK\$131.25 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 (equivalent to approximately HK\$181.25 million), in three tranches, subject to the terms and condition therein.

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

On 22 May 2015, the Company entered into a cooperation framework agreement with Guangdong-agri Group in relation to a possible capital injection in Guangdong New Co-Op Skyrise. Subject to the completion of the corporate restructuring as described in the Company's announcement dated 22 May 2015, it is proposed that the Group may make capital injection to Guangdong New Co-Op Skyrise and acquire 45% of the enlarged equity interests of Guangdong New Co-Op Skyrise. As disclosed in the announcement of the Company's dated 24 December 2014, the Company had deposited an amount of HK\$189 million to an escrow agent mutually agreed by the Company and Guangdong New Co-Op Skyrise to hold the fund in escrow as earnest money of the possible investment in tea trading platform before. On 20 August 2015, the Company, Guangdong-agri Group and Guangdong New Co-Op Skyrise entered into a supplemental framework agreement to set out further arrangements in relation to the possible capital injection. Pursuant to such 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.



MANAGEMENT DISCUSSION AND ANALYSIS

(iii) Possible acquisition of Chengdu West Agricultural Products Wholesale Market

On 26 May 2015, the Company entered into a letter of intent with Dujiangyan Investment Co. in relation to a possible acquisition of the business and assets of the Wholesale Market, including the ownership of the properties and the land use right of the Wholesale Market. This possible investment is subject to the entering into of a formal legally binding agreement by the parties.

(iv) Issue of preferred shares to China Innovationpay Group Limited

On 25 June 2015, the Company and China Innovationpay Group Limited (“China Innovationpay”) entered into a subscription agreement, pursuant to which the Company has conditionally agreed to subscribe for, and China Innovationpay has conditionally agreed to allot and issue, a total of 194,174,000 China Innovationpay shares at the price of HK\$1.03 per China Innovationpay share. On the same date, the Company and China Innovationpay entered into subscription agreement, pursuant to which China Innovationpay has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 49,140,000 preferred shares of the Company at the price of HK\$4.07 per preferred share. The aggregate China Innovationpay share subscription and the aggregate preferred shares subscription each amounts to approximately HK\$200 million. The preferred shares and the related conversion shares will be issued pursuant to the specific mandates obtained at the extra-ordinary general meeting of the Company on 11 August 2015.

GEARING RATIO

As at 30 June 2015, the Group’s total gearing ratio (total borrowings divided by total equity) was approximately 3.20% (31 December 2014: approximately 15%). The Group’s assets were not subject to any charges or mortgages.

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. Certain capital transactions as described under “Working Capital and Financial Resources” are denominated in Hong Kong dollars. The Group considered the exchange rate fluctuation exposure is small and no financial instruments have been used for hedging purposes.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYMENT AND REMUNERATION POLICIES

The total number of staff of the Group as at 30 June 2015 was 464 (2014: 401). The Group offers a remuneration package by reference to prevailing market conditions and performance, qualifications and experience of individual employees. Other benefits for employees include retirement benefit, provident fund and medical insurance scheme. For the six months ended 30 June 2015, the total cost for staff (including salary, bonus and other welfare) was approximately RMB48,102,000 (2014: RMB27,366,000), representing an increase of 75.77% as compared to the same period of 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. As at 30 June 2015, no share options have been exercised.

The Company also adopted a share award scheme on 23 January 2015. As at 30 June 2015, the Company had not granted any share award.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2015.

IMPORTANT EVENTS AFTER 30 JUNE 2015

(i) Possible investment in Ji Lin Agricultural Co.

On 2 July 2015, the Company entered into a cooperation agreement with Ji Lin Agricultural Co. in relation to the possible acquisition of 90% shareholding in Ji Lin Agricultural Co., which is the beneficial owner of the East Northern Asia Logistic Park* (東北亞物流園). The consideration of this possible investment will be determined on the basis of fair valuation, details of which are to be negotiated between the parties. It is currently contemplated that the Company will, after the completion of this investment, settle a debt that is due from Ji Lin Agricultural Co. together with interest thereon, which currently stands at approximately RMB210 million in aggregate.

On 19 August 2015, the Company and Ji Lin Agricultural Co. entered into a supplemental cooperation agreement to set out further arrangements of the above mentioned possible investment. The Company has deposited an amount of RMB94 million to an escrow agent mutually agreed by the parties to hold the fund in escrow as earnest money of such possible investment. In addition, a subsidiary of the Company has deposited a cheque in the amount of RMB186,895,600 to a law firm designated by the Company to hold the cheque in escrow as deposit of the possible investment.

Details of the above are set out in the Company's announcements dated 2 July 2015 and 19 August 2015.



(ii) Finance lease agreement

On 2 July 2015, China Coop Mengda, an indirect non-wholly owned subsidiary of the Company, as the lessor, has entered into the finance lease agreement with a customer ("Customer A"), which is an independent third party, pursuant to which China Coop Mengda agreed to purchase the leased assets as specified in the finance lease agreement from Customer A and such leased assets will be leased back to Customer A. The total rental payment under the finance lease agreement was approximately RMB70.29 million (equivalent to approximately HK\$87.86 million).

Details of the above are set out in the Company's announcement dated 2 July 2015.

(iii) Appointment of trustee of share award scheme

On 6 July 2015, the Company had entered a trust deed and appointed the Trustee for the administration of the share award scheme of the Company. The Trustee is a third party independent of and not connected with the Company and any of its connected persons (as defined under the Listing Rules).

Details of the above are set out in the Company's announcement dated 6 July 2015.

(iv) Potential default in respect of finance lease agreements

On 24 July 2015, the Company announced that China Coop Mengda had entered into various finance lease agreements with Central China Securities Co. Ltd (the "Lessee") since 2013, but the Lessee has failed to pay China Coop Mengda rental payment in a sum of not less than RMB5.70 million (including the interest payment). Accordingly, the Board considers that the finance lease agreements may be under a potential of default.

On 12 August 2015, China Coop Mengda has initiated court proceedings against the Lessee and 上海京文電子科技有限公司, the designated payor of the transactions contemplated under the finance lease agreements, at Xicheng District Court of Beijing City* (北京市西城區人民法院) (the "Xicheng District Court") in relation to the default of rental payments payable to China Coop Mengda pursuant to the finance lease agreements. The Xicheng District Court has preliminarily accepted the case.

Details of the above are set out in the Company's announcements dated 24 July 2015 and 14 August 2015.

(v) Supplemental agreement in respect of the acquisition of Sino-Agri Agricultural Machinery

On 12 August 2015, the Company, the Sino-agri Group, and the Sino-agri Agricultural Machinery entered into a supplemental agreement to amend certain terms of the SPA in relation to the acquisition. 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) (“Yi-Agri Investment”), a wholly-owned subsidiary of the Company; and (ii) the Company shall proceed with making capital contribution into Yi-Agri Investment before 31 August 2015 (or such other dates as the parties may agree in writing). The consideration shall be paid in cash to the the Sino-agri Group within 5 business days upon the completion of the aforesaid capital contribution.

Details of the above are set out in the Company’s announcement dated 12 August 2015.

(vi) Finance lease agreement with Shandong United Pesticide

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

Details of the above are set out in the Company’s announcement dated 17 August 2015.

(vii) Supplemental framework agreement with Guangdong New Co-op Skyrise

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 such 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.

(viii) Cooperation framework agreement in respect of a possible cooperation

On 25 August 2015, the Company and Co-Op Fund Management entered into a framework cooperation agreement in relation to the possible cooperation between the Company and Co-Op Fund Management in the establishment of a fund for investment projects in the form of a limited liability partnership under laws of the PRC..

Details of the above are set out in the Company’s announcements dated 25 August 2015 and 27 August 2015.



OTHER INFORMATION

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

As at 30 June 2015, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(1) Long position in shares of the company

Name of Director	Name of interest	Number of ordinary shares held	Long/Short position	Approximate % of the Company's issued share capital
Ms. Wen Yuanyi	Beneficial owner/Interest of controlled corporation of spouse (Note)	107,864	Long position	0.005

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

Interests in underlying shares of the Company

Name of Director	Nature of Interest	Number of underlying shares of the Company in respect of the share options granted (Note)	Long/short position	Approximate % of the Company's underlying shares over the Company's issued share capital
Chen Li-Jun	Beneficial owner	1,500,000	Long position	0.071
Ren Hai	Beneficial owner	300,000	Long position	0.014
Peng Guojiang	Beneficial owner	1,000,000	Long position	0.048
Zhang Yuliang	Beneficial owner	300,000	Long position	0.014
Wen Yuanyi	Beneficial owner	5,900,000	Long position	0.281
Liu Yong	Beneficial owner	1,500,000	Long position	0.071

Note: The Company has granted share options under the share option scheme adopted on 12 June 2014 to certain eligible participants which will enable the grantee to subscribe for an aggregate of 19,500,000 ordinary shares of HK\$0.025 each in the share capital of the Company. Among the 19,500,000 share options, total of 10,500,000 share options were granted to the Directors. Please refer to the announcement of the Company dated 2 April 2015 for the details of the grant of share options.



OTHER INFORMATION

(2) Long position in shares of associated corporations

As at 30 June 2015, the Director below had interests or short positions in the shares, underlying shares or debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules:

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

Note: Hebei AMP owned 51% of Million Rich Hong Kong Holdings Company Limited ("Million Rich") which in turn owned 100% of issued share capital in Parko. Parko owned approximately 53.03% of the issued share capital in the Company as at the 30 June 2015. As such, Hebei AMP is a holding company of and therefore an associated corporation of the Company pursuant to section 308 of the SFO. Chen Li-Jun held 15.50% interests in Hebei AMP.

SUBSTANTIAL SHAREHOLDERS' OR OTHERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 30 June 2015, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors or chief executive of the Company, the following shareholders (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholder	Nature of Interest	Number of Shares	Approximate % of the Company's issued share capital
Parko	Beneficial owner	1,115,202,292 (L) 26,315,789 (S)	53.03 1.25
Million Rich (Note)	Interest of controlled corporation	1,115,202,292 (L) 26,315,789 (S)	53.03 1.25
Hebei AMP (Note)	Interest of controlled corporation	1,115,202,292 (L) 26,315,789 (S)	53.03 1.25
Hebei New Cooperation Group Holdings Limited* (河北省新合作控股集團有限公司) ("Hebei New Cooperation") (Note)	Interest of controlled corporation	1,115,202,292 (L) 26,315,789 (S)	53.03 1.25



OTHER INFORMATION

Note: Hebei AMP and Hebei New Cooperation owned 51% and 49% of Million Rich respectively. Million Rich in turn owned 100% issued share capital in Parko which owned approximately 53.03% of the issued share capital in the Company as at 30 June 2015. Million Rich, Hebei AMP and Hebei New Cooperation are deemed to be interested in the Shares held by Parko for the purpose of Part XV of the SFO.

L: denotes long position, S: denotes short position.

Save as disclosed above, as at 30 June 2015, none of the Directors or the chief executive of the Company was aware of any other person, other than a Director or the chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or which was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

On 12 June 2014, a share option scheme (the "Share Option Scheme") of the Company was approved and adopted by the shareholders of the Company. The purpose of the Share Option Scheme is to incentivize and reward the eligible participants for their contribution or potential contribution to the development and growth of the Group. For more details of the Share Option Scheme, please refer to circular of the Company dated 13 May 2014.

On 2 April 2015, the Board approved the grant of 19,500,000 share options to certain eligible participants under share option scheme. The options granted to each of eligible participant under the Share Option Scheme shall be vested and become exercisable in from 8 April 2015 to 6 April 2018 (the "Option Period"), and the Share Option shall lapse at the expiry of the Option Period. For more details, please refer to the announcement of the Company on 2 April 2015.

Particulars of the outstanding options granted under the Share Option Scheme are set out below:

	Outstanding as at 1 January 2015	Granted during the period	Number of Share Options		Outstanding as at 30 June 2015	Exercise price HK\$
			Exercised during the period	Lapsed during the period		
Chairman and Executive Director						
Chen Li-Jun	-	1,500,000	-	-	1,500,000	2.33
Executive Director						
Liu Yong	-	1,500,000	-	-	1,500,000	2.33
Peng Guojiang	-	1,000,000	-	-	1,000,000	2.33
Ren Hai	-	300,000	-	-	300,000	2.33
Wen Yuanyi	-	5,900,000	-	-	5,900,000	2.33
Zhang Yuliang	-	300,000	-	-	300,000	2.33
Subtotal	-	10,500,000	-	-	10,500,000	
Employees	-	9,000,000	-	-	9,000,000	
Total	-	19,500,000	-	-	19,500,000	



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Based on the Share Option granted on 2 April 2015, the options will be vested in 3 tranches: (i) up to a maximum of 30% of the Share Options granted shall be exercisable from 8 April 2015 to 7 April 2016; (ii) up to a maximum of 30% of the Share Options granted shall be exercisable from 8 April 2016 to 7 April 2017; and (iii) up to a maximum of 40% of the Share Options granted shall be exercisable from 10 April 2017 to 6 April 2018.

Save as the above, there has been no share options exercised, lapsed and cancelled during the period ended 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

On 6 February 2015, the Company completed the placing and subscription of an aggregate of 314,736,500 new shares at the price of HK\$3.0 per share under specific mandates. On 23 June 2015, the Company completed the placing of 58,000,000 new shares at the price of HK\$4.25 per share under general mandate.

On 2 June 2015, the Company completed the issuance of an aggregate of 353,657,500 warrants at an issue price of HK\$0.189 per warrant under specific mandates. The warrants entitled the holders to subscribe for an aggregate of 353,657,500 new shares at an exercise price of HK\$3.0 per share. As at 30 June 2015, a total of 276,157,500 warrants have been exercised and 276,157,500 warrant shares were issued by the Company.

Details of the new shares placings and warrants issuance are described under "Working Capital and Financial Resources". Save as disclosed above, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's securities for the six months ended 30 June 2015.

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 six months ended 30 June 2015 are set out below:

Code	Deviation	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, management accounts and business updates prepared at quarterly intervals to the Board give sufficient measures at this stage. Management shall continue to review the need to provide monthly updates to the Board.



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Save as the aforesaid, the Company has applied the principles and complied with all applicable code provisions of the Corporate Governance Code during the six months ended 30 June 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. All Directors have confirmed, following specific enquiry made by the Company that they have complied with the Model Code throughout the six months ended 30 June 2015.

AUDIT COMMITTEE

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

The interim results of the Group for the six months ended 30 June 2015 are unaudited and have not been reviewed by the auditor of the Company. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the condensed consolidated financial statements for the six months ended 30 June 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 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 INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The interim 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 interim 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

