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上海大生農業金融科技股份有限公司

Shanghai Dasheng Agriculture Finance Technology Co., Ltd.

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 1103)

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

HIGHLIGHTS

1. The turnover of the Group increased by approximately 55% from approximately RMB5,292,504,000 (restated) to approximately RMB8,223,074,000 as compared to the same period last year.
2. Profit attributable to the owners of the Company increased significantly by approximately 47% from approximately RMB168,083,000 to approximately RMB247,449,000 as compared to the same period last year.
3. The Board resolved to recommend a final dividend of RMB0.015 per share for the year ended 31 December 2015 totalling approximately RMB76,331,000, which is subject to shareholders' approval at the forthcoming annual general meeting of the Company. (Note: For details, please refer to section headed "Dividend" on page 12.)

The board of directors (the "**Board**") of Shanghai Dasheng Agriculture Finance Technology Co., Ltd. (formerly known as Shanghai Tonva Petrochemical Co., Ltd.) (the "**Company**") is pleased to announce the audited consolidated results (the "**Consolidated Results**") of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2015 together with the comparative figures for 2014, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

| | Notes | 2015 RMB'000 | 2014 RMB'000 (restated) (note 13) |
|---|-------|-----------------------|--|
| Turnover | 3 | 8,223,074 | 5,292,504 |
| Cost of sales | | <u>(7,721,024)</u> | <u>(4,903,705)</u> |
| Gross profit | | 502,050 | 388,799 |
| Other income and gains | 4 | 70,356 | 111,700 |
| Distribution costs | | (11,722) | (13,170) |
| Administrative expenses | | (120,481) | (124,884) |
| Share of profits of associates | | 2,680 | 3,052 |
| Finance costs | 5 | <u>(60,396)</u> | <u>(100,568)</u> |
| Profit before income tax expense | 6 | 382,487 | 264,929 |
| Income tax expense | 7 | <u>(98,305)</u> | <u>(62,406)</u> |
| Profit for the year | | <u>284,182</u> | <u>202,523</u> |
| Other comprehensive income | | | |
| Item that may be reclassified to profit or loss: | | | |
| Exchange differences on translating foreign operations | | <u>(147)</u> | <u>309</u> |
| Total comprehensive income for the year | | <u>284,035</u> | <u>202,832</u> |
| Profit for the year attributable to: | | | |
| – Owners of the Company | | 247,449 | 168,083 |
| – Non-controlling interests | | <u>36,733</u> | <u>34,440</u> |
| | | <u>284,182</u> | <u>202,523</u> |
| Total comprehensive income for the year attributable to: | | | |
| – Owners of the Company | | 247,302 | 168,392 |
| – Non-controlling interests | | <u>36,733</u> | <u>34,440</u> |
| | | <u>284,035</u> | <u>202,832</u> |
| Earnings per share (expressed in RMB per share) (restated) | | | |
| – Basic | 8 | <u>0.085</u> | <u>0.069</u> |
| – Diluted | 8 | <u>0.085</u> | <u>0.069</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

| | Notes | 2015 RMB'000 | 2014 RMB'000 |
|---|-------|------------------|------------------|
| Assets | | | |
| Non-current assets | | | |
| Payments for leasehold land held for own use under operating leases | | 9,123 | 9,831 |
| Property, plant and equipment | | 99,641 | 57,124 |
| Construction in progress | | 1,874 | 38,156 |
| Investment properties | | 17,045 | 11,328 |
| Intangible assets | | 148,284 | 148,309 |
| Interests in associates | | 65,260 | 32,580 |
| Available-for-sale financial assets | | 5,800 | 800 |
| Trade and other receivables | 10 | 723,032 | 663,002 |
| Deferred tax assets | | 24,076 | 17,572 |
| Total non-current assets | | 1,094,135 | 978,702 |
| Current assets | | | |
| Inventories | | 33,028 | 194,340 |
| Trade and other receivables | 10 | 4,548,858 | 2,351,187 |
| Amounts due from customers for contract work | | 24,826 | 17,162 |
| Restricted bank deposits | | 251,375 | 289,242 |
| Cash and cash equivalents | | 362,577 | 110,724 |
| | | 5,220,664 | 2,962,655 |
| Assets classified as held for sale | | 7,827 | — |
| Total current assets | | 5,228,491 | 2,962,655 |
| Total assets | | 6,322,626 | 3,941,357 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 11 | 3,347,999 | 1,894,908 |
| Amounts due to customers for contract work | | 69,516 | 43,999 |
| Borrowings | | 1,021,200 | 822,000 |
| Current tax liabilities | | 73,553 | 71,724 |
| Total current liabilities | | 4,512,268 | 2,832,631 |
| Net current assets | | 716,223 | 130,024 |
| Total assets less current liabilities | | 1,810,358 | 1,108,726 |

| | <i>Notes</i> | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|---|--------------|--------------------------------------|------------------------|
| Non-current liabilities | | | |
| Borrowings | | 31,667 | 70,000 |
| Deferred tax liabilities | | 31,431 | 11,196 |
| | | <hr/> | <hr/> |
| Total non-current liabilities | | 63,098 | 81,196 |
| | | <hr/> | <hr/> |
| Total liabilities | | 4,575,366 | 2,913,827 |
| | | <hr/> | <hr/> |
| NET ASSETS | | 1,747,260 | 1,027,530 |
| | | <hr/> | <hr/> |
| Capital and reserves attributable to owners of the Company | | | |
| Share capital | 12 | 305,432 | 140,429 |
| Reserves | | 1,174,281 | 752,167 |
| | | <hr/> | <hr/> |
| Equity attributable to owners of the Company | | 1,479,713 | 892,596 |
| | | <hr/> | <hr/> |
| Non-controlling interests | | 267,547 | 134,934 |
| | | <hr/> | <hr/> |
| TOTAL EQUITY | | 1,747,260 | 1,027,530 |
| | | <hr/> | <hr/> |

NOTES:

1. BASIS OF PREPARATION

(a) Statement of compliance

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

2. ADOPTION OF HKFRSs

(a) Adoption of new/revised HKFRSs – effective 1 January 2015

In the current year, the Group has for the first time applied the following new amendments issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 January 2015.

| | |
|------------------------------|---|
| HKFRS (Amendments) | Annual Improvements 2010-2012 Cycle |
| HKFRS (Amendments) | Annual Improvements 2011-2013 Cycle |
| Amendments to HKAS 19 (2011) | Defined Benefit Plans: Employee Contributions |

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

| | |
|--|--|
| Amendments to HKAS 1 | Disclosure Initiative ¹ |
| Amendments to HKAS 16 and HKAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation ¹ |
| Amendments to HKAS 27 | Equity Method in Separate Financial Statements ¹ |
| HKFRS 9 (2014) | Financial Instruments ³ |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ² |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment Entities: Applying the Consolidation Exception ¹ |
| HKFRS 15 | Revenue from Contracts with Customers ³ |
| HKFRS 16 | Leases ⁴ |

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

² Effective for annual periods beginning on or after a date to be determined

³ Effective for annual periods beginning on or after 1 January 2018

⁴ Effective for annual periods beginning on or after 1 January 2019

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

(c) New Hong Kong Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Hong Kong Companies Ordinance, Cap. 622, in relation to the preparation of financial statements and directors' reports became effective for the Company for the financial year ended 31 December 2015. The disclosure requirements set out in the Listing Rules regarding annual financial statements have been amended with reference to the new Hong Kong Companies Ordinance, Cap. 622. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements.

3. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

During the year ended 31 December 2015, the chief operating decision maker of the Group considered it was optimistic about the future development and prospect of financial leasing and commercial factoring business and acquired new related business during this year, which was considered to enrich the Group's portfolio in the area of financial business.

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

- Road and bridge construction
- Sale of petrochemical products (including fuel oil, asphalt and chemical fertilizers)
- Financial leasing and commercial factoring

Inter-segment transactions are priced with reference to prices charged to external parties for similar order.

(a) Operating segments

The operating segments for the year ended 31 December 2015 are as follows:

| | Road and bridge construction <i>RMB'000</i> | Sale of petrochemical products <i>RMB'000</i> | Financial leasing and commercial factoring <i>RMB'000</i> | Group <i>RMB'000</i> |
|---|--|--|--|-------------------------|
| Reportable segment revenue from external customers <i>(note (i))</i> | <u>1,263,654</u> | <u>6,956,002</u> | <u>3,418</u> | <u>8,223,074</u> |
| Reportable segment profit | <u>143,445</u> | <u>138,894</u> | <u>1,843</u> | <u>284,182</u> |
| Interest income | 8,679 | 1,415 | 17 | 10,111 |
| Finance costs | 39,244 | 20,957 | 195 | 60,396 |
| Capital expenditures <i>(note (ii))</i> | 26,423 | 2,991 | 1,256 | 30,670 |
| Amortisation of intangible assets | 29 | – | – | 29 |
| Amortisation of payments for leasehold land held for own use under operating leases | 209 | – | – | 209 |
| Depreciation of property, plant and equipment | 4,553 | 5,480 | 30 | 10,063 |
| Depreciation of investment properties | – | 910 | – | 910 |
| (Gain)/loss on disposal of property, plant and equipment | (1,844) | 44 | – | (1,800) |
| Gain on bargain purchase | – | 475 | – | 475 |
| Share of profits of associates | – | 2,680 | – | 2,680 |
| Reversal of impairment loss on trade and other receivables, net | (30,474) | (18,191) | – | (48,665) |
| Income tax expense | 44,006 | 53,848 | 451 | 98,305 |
| Interests in associates | – | 35,260 | 30,000 | 65,260 |
| Reportable segment assets | 2,422,567 | 3,566,942 | 333,117 | 6,322,626 |
| Reportable segment liabilities | <u>1,770,510</u> | <u>2,710,004</u> | <u>94,852</u> | <u>4,575,366</u> |

The operating segments for the year ended 31 December 2014 are as follows:

| | Road and bridge construction RMB'000 | Sale of petrochemical products RMB'000 (restated) (note 13) | Group RMB'000 (restated) (note 13) |
|--|---|--|---|
| Reportable segment revenue from external customers <i>(note (i))</i> | <u>1,286,935</u> | <u>4,005,569</u> | <u>5,292,504</u> |
| Reportable segment profit | <u>128,313</u> | <u>74,210</u> | <u>202,523</u> |
| Interest income | 2,599 | 5,602 | 8,201 |
| Finance costs | 35,466 | 65,102 | 100,568 |
| Capital expenditures <i>(note (ii))</i> | 24,653 | 2,371 | 27,024 |
| Amortisation of intangible assets | 29 | – | 29 |
| Amortisation of payments for leasehold land held for own use under operating leases | 209 | 56 | 265 |
| Depreciation of property, plant and equipment | 4,469 | 6,029 | 10,498 |
| Depreciation of investment property | – | 75 | 75 |
| Gain on disposal of property, plant and equipment | 39 | 19 | 58 |
| Gain on disposal of a subsidiary | – | 84,850 | 84,850 |
| Share of profits of associates | – | 3,052 | 3,052 |
| (Reversal of impairment loss)/impairment loss on trade and other receivables, net | (4,276) | 70,685 | 66,409 |
| Income tax expense | 47,043 | 15,363 | 62,406 |
| Interests in associates | – | 32,580 | 32,580 |
| Reportable segment assets | 2,242,860 | 1,698,497 | 3,941,357 |
| Reportable segment liabilities | <u>1,723,811</u> | <u>1,190,016</u> | <u>2,913,827</u> |

Notes:

- (i) The revenue from sale of petrochemical products included agency services income of RMB143,462,000 (2014: (restated) RMB16,298,000) for the year ended 31 December 2015.
- (ii) The amounts represent capital expenditure on payments for leasehold land held for own use under operating leases, property, plant and equipment, construction in progress, investment properties and intangible assets.

(b) Information about major customers

There were one customer (2014 (restated): one) contributed to 10% or more revenue to the Group's revenue for the year ended 31 December 2015.

| | Year ended 31 December 2015 Sale of petrochemical products RMB'000 | Year ended 31 December 2014 Sale of petrochemical products RMB'000 (restated) (note 13) |
|------------|---|--|
| Customer A | 1,208,878 | — |
| Customer B | — | 678,959 |

(c) Geographical information

The entire Group's revenue from external customers is derived from customers located in the People's Republic of China ("PRC").

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

4. OTHER INCOME AND GAINS

| | 2015 RMB'000 | 2014 RMB'000 |
|--|-------------------------|-------------------------|
| Reversal of impairment loss on trade and other receivables, net (note 10(f)) | 48,665 | — |
| Gain on disposal of a subsidiary | — | 84,850 |
| Gain on bargain purchase | 475 | — |
| Dividend income from available-for-sale financial assets | 1,500 | 2,500 |
| Gross rental income from investment properties | 1,140 | 95 |
| Rental income from machineries | 2,508 | 2,695 |
| Penalty income of late payment from customers | — | 2,291 |
| Interest income | 10,111 | 8,201 |
| Government grants | 3,043 | 5,767 |
| Gain on disposal of property, plant and equipment | 1,800 | 58 |
| Others | 1,114 | 5,243 |
| | 70,356 | 111,700 |

5. FINANCE COSTS

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Interest expense on borrowings wholly repayable within five years | 61,595 | 88,644 |
| Interest expense on discounted commercial notes | 1,984 | 31,078 |
| Others | 4,433 | 2,714 |
| | <hr/> | <hr/> |
| Total finance costs | 68,012 | 122,436 |
| Less: amount capitalised (<i>note</i>) | (7,616) | (21,868) |
| | <hr/> | <hr/> |
| | 60,396 | 100,568 |
| | <hr/> <hr/> | <hr/> <hr/> |

Note: Borrowing costs capitalised arose on the general borrowings during the year and were calculated by applying a capitalisation rate of approximately 6.1% per annum (2014: 6.5% per annum) to expenditure on qualifying assets.

6. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging/(crediting):

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> (restated) (<i>note 13</i>) |
|---|------------------------|--|
| Amortisation of intangible assets | 29 | 29 |
| Amortisation of payments for leasehold land held for own use under operating leases | 209 | 265 |
| Auditor's remuneration | 6,587 | 2,238 |
| Cost of inventories recognised as expenses | 6,984,665 | 4,163,434 |
| Depreciation of property, plant and equipment | 10,063 | 10,498 |
| Depreciation of investment properties | 910 | 75 |
| Gain on disposal of property, plant and equipment, net | (1,800) | (58) |
| Gain on bargain purchase | (475) | – |
| Operating lease rental expenses in respect of: | | |
| – Land and buildings | 6,642 | 2,864 |
| – Machinery and others | 12,525 | 17,212 |
| Direct operating expenses arising from investment properties that generated rental income during the year | 57 | 5 |
| (Reversal of impairment loss)/impairment loss on trade and other receivables, net | (48,665) | 66,409 |
| | <hr/> <hr/> | <hr/> <hr/> |

7. INCOME TAX EXPENSE

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

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Current income tax | | |
| PRC enterprise income tax ("EIT") | | |
| – tax for the year | 80,521 | 76,657 |
| – under provision in respect of prior years, net | 4,053 | 1,606 |
| Hong Kong profits tax | | |
| – tax for the year | – | – |
| Deferred tax | 13,731 | (15,857) |
| | <u>98,305</u> | <u>62,406</u> |

Profits of subsidiaries established in the PRC are subject to EIT at 25% (2014: 25%). Profits of subsidiaries established in Hong Kong are subject to Hong Kong profits tax of 16.5% (2014: 16.5%).

8. EARNINGS PER SHARE

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

| | 2015 | 2014 (restated) |
|--|----------------------|----------------------|
| Profit attributable to owners of the Company (RMB'000) | <u>247,449</u> | <u>168,083</u> |
| Weighted average number of ordinary shares in issue | <u>2,901,964,571</u> | <u>2,422,391,625</u> |

Weighted average of 2,901,964,571 ordinary shares are derived from 1,404,285,000 ordinary shares issued as at 1 January 2015 after taking into account the effects of the rights issue of 631,928,250 right shares being completed on 30 March 2015 and the bonus issue of 1,018,106,625 bonus shares being completed on 27 July 2015. (2014 (restated): weighted average of 2,422,391,625 ordinary shares derived from 936,190,000 ordinary shares, being the number of shares in issue as at 1 January 2014 after taking into account the effects of the bonus issue of 468,095,000 bonus shares being completed on 29 October 2014 and the bonus issue of 1,018,106,625 bonus shares being completed on 27 July 2015).

Diluted earnings per share equals to basic earnings per share, as there were no potential dilutive ordinary shares issued during the years ended 31 December 2015 and 2014. The denominators used are the same as those detailed above for both basic and diluted earnings per share.

9. DIVIDENDS

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Final, proposed – RMB0.015 per share (2014: RMB0.025) | 76,331 | 50,905 |

On 15 June 2016, the board of directors recommended the payment of a final dividend of RMB0.015 per share (2014: RMB0.025 per share), totalling approximately RMB76,331,000 (2014: approximately RMB50,905,000) for the year ended 31 December 2015. The proposed final dividend per share is based on the number of issued shares of the Company (i.e. 5,088,719,875 shares) as of the date of the board meeting (i.e. 15 June 2016) determining the final dividend.

The final dividend for 2015 proposed after the end of the reporting period is subject to shareholders' approval in the forthcoming annual general meeting. The proposed dividends are not reflected as a dividend payable in the financial statements for the year ended 31 December 2015.

10. TRADE AND OTHER RECEIVABLES

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Trade receivables | 4,005,834 | 1,956,919 |
| Commercial notes receivable | 23,216 | 47,430 |
| Retention sum for construction contracts | 573,149 | 544,743 |
| Finance lease receivables (<i>note (a)</i>) | 81,646 | – |
| Factoring loan receivables | 176,367 | – |
| Total trade and notes receivables (<i>note (b)</i>) | 4,860,212 | 2,549,092 |
| Prepayments and deposits (<i>note (c)</i>) | 312,102 | 549,065 |
| Other receivables (<i>note (d)</i>) | 167,327 | 37,692 |
| Amounts due from associates (<i>note (e)</i>) | 395 | 1,413 |
| | 5,340,036 | 3,137,262 |
| Less: Impairment losses (<i>note (f)</i>) | (68,146) | (123,073) |
| | 5,271,890 | 3,014,189 |
| Classified as: | | |
| Non-current assets | 723,032 | 663,002 |
| Current assets | 4,548,858 | 2,351,187 |
| | 5,271,890 | 3,014,189 |

(a) Finance lease receivables

The finance lease receivables as at 31 December 2015 are as follows:

| | Minimum Lease payments <i>RMB'000</i> | Unearned finance lease income <i>RMB'000</i> | Present value <i>RMB'000</i> |
|---|--|---|---|
| Not later than one year (<i>note (i)</i>) | 48,553 | (4,165) | 44,388 |
| Later than one year and not later than five years | 39,798 | (2,540) | 37,258 |
| | <u>88,351</u> | <u>(6,705)</u> | <u>81,646</u> |

Note (i): Included in finance lease receivables was an amount of RMB15,300,000 (2014: nil) loaned to a related company, the beneficial owners of which are Mr. Lan Huasheng, who is the director of the Company, and Mr. Lu Tingfu, who is the supervisor of the Company.

(b) Trade and notes receivables

As at 31 December 2015, no trade receivables (2014: nil) were pledged as security for the Group's borrowings.

The ageing analysis of trade and notes receivables for road and bridge construction and sale of petrochemical products are based on invoice date. While for the finance lease and factoring business, the aging analysis are based on the lease and loan commencement date set out in the relevant contracts. The details of aging analysis before impairment loss are as follows:

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-------------------------------|-------------------------------|
| Road and bridge construction (<i>note (i)</i>): | | |
| Less than 6 months | 1,420,149 | 1,484,880 |
| 6 months to less than 1 year | 20,207 | 98,252 |
| 1 year to less than 2 years | 74,515 | 43,446 |
| 2 years to less than 3 years | 28,875 | 31,610 |
| 3 years and over | 17,419 | 15,928 |
| | 1,561,165 | 1,674,116 |
| Sale of petrochemical products (<i>note (ii)</i>): | | |
| Less than 31 days | 2,112,061 | 479,967 |
| 31 to 60 days | 307,869 | 22,798 |
| 61 to 90 days | 146,224 | 683 |
| 91 days to less than 1 year | 168,523 | 305,003 |
| 1 year to less than 2 years | 287,824 | 59,603 |
| 2 years to less than 3 years | 12,659 | 2,638 |
| 3 years and over | 5,874 | 4,284 |
| | 3,041,034 | 874,976 |
| Finance lease and factoring business (<i>note (iii)</i>): | | |
| Less than 6 months | 249,763 | — |
| 6 months to less than 1 year | 8,250 | — |
| | 258,013 | — |
| | 4,860,212 | 2,549,092 |

Note (i):

In respect of road and bridge construction, the average credit period is negotiated on individual basis in accordance with contract terms. Normally the general credit period is ranging from 0 day to 3 years.

The ageing analysis of trade receivables related to road and bridge construction which were past due but not impaired is as follows:

| | 2015 RMB'000 | 2014 <i>RMB'000</i> |
|---------------------------------------|-------------------------------|------------------------|
| Less than 6 months past due | 86,223 | 334,651 |
| 6 months to less than 1 year past due | 16,770 | 77,147 |
| 1 year to less than 2 years past due | 176,223 | 57,617 |
| 2 years to less than 3 years past due | 73,663 | 7,433 |
| 3 years and over past due | 2,457 | 3,879 |
| | 355,336 | 480,727 |

Substantially all customers of road and bridge construction are PRC government-related corporations which have no recent history of default. The credit quality of trade receivables has been assessed by reference to historical information about the counterparty default rates. The terms of some construction contracts stipulate that the customers withhold a portion of total contract sum (usually 5%) until a specified period (usually 2 years) after completion of the contract.

Note (ii):

For sale of petrochemical products, the credit terms granted to individual customers vary on a customer by customer basis which is determined by management with reference to the creditability of respective customers. Normally the general credit period is ranging from 30 days to 180 days.

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

| | 2015 RMB'000 | 2014 <i>RMB'000</i> |
|----------------------------|-------------------------------|------------------------|
| Less than 91 days past due | 147,766 | 2,451 |
| 91 days to 1 year past due | 20,756 | 236,653 |
| Over 1 year past due | 221,389 | 33,282 |
| | 389,911 | 272,386 |

The amounts that were neither past due nor impaired relate to a number of independent customers which have no recent history of default. The credit quality of trade receivables has been assessed by reference to historical information about the counterparty default rates.

Note (iii):

For finance lease receivables, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts, and must acquire the leased assets at the end of the lease period. The maturity date for each loan contract is normally one to three years.

For factoring loan receivables, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The maturity date for each loan contract is normally not more than one year.

As at 31 December 2015, all the finance lease receivables and factoring loan receivables were neither past due nor impaired. The amounts that were neither past due nor impaired relate to a number of independent customers which have no recent history of default. The credit quality of trade receivables has been assessed by reference to historical information about the counterparty default rates.

Interest rates on the finance lease receivables and factoring loan receivables are offered to customers based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collateral as well as the general economic trends. The effective interest rates charged by the Group are from 4.7% to 12% per annum.

As at 31 December 2015, the finance lease receivables in respect of certain machineries are effectively secured by the underlying assets, as the rights to the machineries would be reverted to the Group in the event of default payment. The fair value of such collateral is amounted to approximately RMB112,830,000. The deposits received from finance lease customers amounted to approximately RMB5,431,000.

(c) Prepayments and deposits

Included in prepayments and deposits was a guaranteed deposit to a customer in the road and bridge construction segment in the amount of RMB25,459,000 as at 31 December 2014. Such amount was fully repaid to the Group during the year.

(d) Other receivables

Included in other receivables as at 31 December 2015, was (1) an loan of RMB92,976,000 to an independent third party which was unsecured, interest-free, repayable on demand and subsequently settled in February 2016, and (2) a deposit of RMB30,000,000 which related to an intended acquisition of an indirect non-wholly owned subsidiary that is to be completed in July 2016.

(e) Amounts due from associates and a related company

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

(f) Impairment losses

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

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-------------------------------|-------------------------------|
| At 1 January | 123,073 | 77,378 |
| Impairment loss recognised | 50,493 | 83,526 |
| Recovery of impairment loss previously recognised | (99,158) | (17,117) |
| Written off (<i>note</i>) | (6,262) | (20,714) |
| | <hr/> | <hr/> |
| At 31 December | 68,146 | 123,073 |
| | <hr/> | <hr/> |

Note: During the year ended 31 December 2014, the Group disposed the trade and other receivables balances of RMB527,671,000 to independent third parties with total considerations of RMB506,957,000.

11. TRADE AND OTHER PAYABLES

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-------------------------------|-------------------------------|
| Trade payables | 2,369,497 | 1,073,175 |
| Notes payable | 552,139 | 555,300 |
| | <hr/> | <hr/> |
| | 2,921,636 | 1,628,475 |
| Amount due to an associate (<i>note (i)</i>) | 650 | 662 |
| Amount due to a related company (<i>note (i)</i>) | 10,796 | — |
| Deposits received | 124,099 | 81,536 |
| Other payables (<i>note (ii)</i>) | 280,568 | 178,673 |
| Accruals | 10,250 | 5,562 |
| | <hr/> | <hr/> |
| | 3,347,999 | 1,894,908 |
| | <hr/> | <hr/> |

Notes: (i) The amounts are interest-free, unsecured and repayable on demand.

(ii) The amounts included advances from independent third parties of RMB8,878,000 (2014: RMB18,526,000), which are interest-free, unsecured and repayable on demand.

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

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|---------------------------------|-------------------------|-------------------------|
| Road and bridge construction: | | |
| Less than 6 months | 828,356 | 735,370 |
| 6 months to less than 1 year | 91,939 | 61,256 |
| 1 year to less than 2 years | 26,503 | 37,064 |
| 2 years to less than 3 years | 23,612 | 22,417 |
| 3 years and over | 18,336 | 10,015 |
| | <u>988,746</u> | <u>866,122</u> |
| Sale of petrochemical products: | | |
| Less than 31 days | 1,703,214 | 446,383 |
| 31 to 60 days | 50,010 | 1,328 |
| 61 to 90 days | 50 | 66,708 |
| 91 days to less than 1 year | 179,140 | 246,920 |
| 1 year to less than 2 years | 28 | 28 |
| 2 years to less than 3 years | — | — |
| 3 years and over | 448 | 986 |
| | <u>1,932,890</u> | <u>762,353</u> |
| | <u><u>2,921,636</u></u> | <u><u>1,628,475</u></u> |

12. SHARE CAPITAL

(a) Authorised and issued share capital

| | Number of shares | Amount <i>RMB'000</i> |
|--|-----------------------------|--------------------------|
| Ordinary shares of RMB0.1 each | | |
| Authorised, issued and fully paid: | | |
| At 1 January 2014 | 936,190,000 | 93,619 |
| Bonus issue (<i>note i</i>) | 468,095,000 | 46,810 |
| At 31 December 2014 and 1 January 2015 | 1,404,285,000 | 140,429 |
| Rights issue (<i>note ii</i>) | 631,928,250 | 63,192 |
| Bonus issue (<i>note iii</i>) | 1,018,106,625 | 101,811 |
| At 31 December 2015 | <u><u>3,054,319,875</u></u> | <u><u>305,432</u></u> |

Notes:

- i. Pursuant to the special resolution passed at the annual general meeting and respective class meetings of the Company on 25 June 2014, it was approved to issue bonus shares to all the shareholders of the Company on the basis of five new bonus shares for every ten existing shares of the Company held by the members on the register of members of the Company on 9 July 2014. A total of 468,095,000 bonus shares which comprised of 228,095,000 bonus H shares and 240,000,000 bonus domestic shares were issued on 29 October 2014.
- ii. On 17 February 2015, the Company proposed to raise fund by way of a rights issue of 631,928,250 rights shares (comprising 307,928,250 H rights shares and 324,000,000 domestic rights shares) on the basis of 4.5 rights shares for every 10 existing shares held by the qualifying shareholders at the subscription price of HK\$0.78 per H rights share and RMB0.62 per domestic rights share payable in full on acceptance. The rights issue was completed on 30 March 2015. As a result, approximately RMB390,720,000, net of expenses, was raised.
- iii. Pursuant to the special resolution passed at the annual general meeting and respective class meetings of the Company on 23 June 2015, it was approved to issue bonus shares to all the shareholders of the Company on the basis of five new bonus shares for every ten existing shares of the Company held by the members on the register of members of the Company on 9 July 2015. A total of 1,018,106,625 bonus shares which comprised 496,106,625 bonus H shares and 522,000,000 bonus domestic shares were issued on 27 July 2015.
- iv. On 29 July 2015, the Company and Shenzhen Dasheng Agricultural Group Co. Ltd. (“Shenzhen Dasheng”), which holds approximately 29.86% equity interests of the Company as at 31 December 2015, entered into a share subscription agreement pursuant to which the Company has conditionally agreed to allot and issue and Shenzhen Dasheng has conditionally agreed to subscribe for 1,500,000,000 H shares at a price of not less than HK\$0.8 per share. On the same day, the Company entered into a placing agreement with a placing agent, pursuant to which the Company has conditionally agreed to place through the placing agent, on a best efforts basis, of 1,500,000,000 H shares at a price of not less than HK\$0.8 per share. The new shares proposed to be subscribed or placed will rank pari passu in all respects with the existing H shares in issue. The aggregate gross proceeds from the subscription and the placing shall be no less than HK\$2.4 billion. The proceeds shall be mainly used for developing and exploring new business of providing financial services in agricultural sector. For details, please refer to the announcement issued by the Company on 5 August 2015. The subscription as well as the placing were completed on 26 February 2016 and 7 March 2016, respectively.

13. RESTATEMENT OF COMPARATIVE FINANCIAL STATEMENTS

During the year ended 31 December 2015, the Group has discovered a misstatement in its consolidated statement of comprehensive income for the year ended 31 December 2014. The misstatement is related to certain trading transactions in the segment of sale of petrochemical products in which the Group acted as an agent rather than a principal based on its reassessment according to HKAS 18 “Revenue”. Accordingly the revenue and related cost of sales so recorded in 2014 are recognised in net amount instead of in gross amount. The restatement does not have any impact on the consolidated statement of financial position of the Group, thus no restated consolidated statement of financial position is presented, and no third consolidated statement of financial position as at 1 January 2014 is presented. Also, there is no impact on the earnings per share for the year ended 31 December 2014. The effects of correction of misstatement on the Group’s consolidated financial statements for the year ended 31 December 2014 are summarised as follows:

Consolidated statement of comprehensive income for the year ended 31 December 2014:

| | As previously reported <i>RMB'000</i> | Correction of misstatements <i>RMB'000</i> | As restated <i>RMB'000</i> |
|---------------|---|--|-------------------------------|
| Turnover | 6,215,891 | (923,387) | 5,292,504 |
| Cost of sales | 5,827,092 | (923,387) | 4,903,705 |

14. EVENTS AFTER THE REPORTING PERIOD

- (a) On 8 January 2016, the board of the Company approved the proposal to allot and issue A shares of the Company and apply for the listing of such shares on the Shanghai Stock Exchange or the Shenzhen Stock Exchange (the “Proposed Issue of A Shares”). As at the date of this report, the Company has not determined the structure of the Proposed Issue of A Shares and has not proceeded with any requisite regulatory procedures in the PRC or elsewhere for the approval of the Proposed Issue of A Shares. Details please refer to the announcement dated 11 January 2016.
- (b) On 8 January 2016, the Group entered into a sale and purchase agreement with the vendor to acquire additional 12.5% of the equity interests of the Company’s 53% owned subsidiary, Ever Fortune Financial Leasing Co., Ltd. (“Ever Fortune”), at the consideration of RMB25 million in cash. At the same date, the Group entered into a joint venture agreement among the vendor and the other shareholder of Ever Fortune to agree the capital injection to Ever Fortune. Pursuant to the joint venture agreement, the Group agreed to invest RMB234 million in cash to Ever Fortune. Since one of the shareholders will not inject any capital, the shareholding of the Group to Ever Fortune will increase to 73% after the acquisition of 12.5% equity interests and capital injection. Details please refer to the announcement dated 10 January 2016.

- (c) On 18 August 2015 and 24 December 2015, the Group entered into the sale and purchase agreement and a supplemental agreement to the sale and purchase agreement with the vendor, pursuant to which the Company has conditionally agreed to acquire 100% equity interests of Shanghai Kaiyi Corporate Management Consultancy Co., Limited and its' to be acquired subsidiary, Shanghai Runtong Industrial and Investment Co., Limited ("Shanghai Runtong"), at the consideration of RMB268 million. Completion of the acquisition is conditional upon the reorganisation (details please refer to the announcement date 18 August 2015). Since the acquisition has not been completed as at the date of this report, the directors of the Company considered that it is impractical to complete the accounting for the business combination.
- (d) On 14 January 2016, the Group entered into the cooperation agreement with Shanghai Runtong and Huzhou Zhebei Agricultural By-products Trading Center Co., Ltd. ("Huzhou Zhebei") in relation to the cooperation among the Group, Shanghai Runtong and Huzhou Zhebei for the formation and business operation of the a company, proposed to be in the name of Zhenjiang Agricultural Wholesale Market Electronic Settlement Company ("JV Data Company"). Pursuant to the cooperation agreement, there are three main underlying cooperation arrangements in relation to the formation and business operation of the JV Data Company subject to the terms of the cooperation agreement: (i) the JV Data Company will be formed with registered capital as to 49% held by Shanghai Runtong and 51% held by Huzhou Zhebei; (ii) the JV Data Company will provide the transaction data to the Group for fee; and (iii) Shanghai Runtong will provide the JV Data Company with operation and maintenance service of the back-office operating system of the JV Data Company. Details please refer to the announcement dated 14 January 2016. On 16 January 2016, the Group entered into another cooperation agreement with Shanghai Runtong and Zhenjiang Agricultural By-products Wholesale Market Co., Ltd., which the details are very similar as the one dated 14 January 2016. Details please refer to the announcement dated 16 January 2016.
- (e) On 26 February 2016 and 7 March 2016, the Company completed a share subscription and a placing of share respectively. Please refer to note 12(a)(iv) for details.
- (f) On 16 May 2016, the Group decided not to carry on the finance leasing business through the associate, Shanghai Yi He Xu Sheng Financial Leasing Co., Ltd., which was established on 15 October 2015 and held as to 30% by HK Dasheng Agriculture Holding Co., Ltd. The Group is in the progress of negotiation for disposing of its shareholding in the associate to an independent third party ("the Proposed Disposal"). The Company considers that the Proposed Disposal shall have no material adverse impact on the financial and operational position of the Group.
- (g) On 6 June 2016, the Group completed the discloseable transactions relating to the proposed formation of two joint venture companies, Fujian Ruiying Financial Leasing Company Limited ("Fujian JV") and Ever Fortune (Xiamen) Financial Leasing Co., Ltd ("Xiamen JV"). The Company indirectly owns as to 79.75% equity interest of each of Fujian JV and Xiamen JV. Details please refer to the announcement dated 6 June 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS REVIEW

In the year of 2015, the global economic environment has undergone certain in-depth structural adjustments. The macroeconomic performance remained subdued though central banks in various countries continued to flood the market with massive liquidity. Affected by the slowdown of economic growth and multiple drastic falls in crude oil prices, the overall global economy was still in a stage of slow recovery with significant divergence. Domestically, as the Chinese economy has entered into the “new normal” phase, the “three driving forces” (export, investment and consumption) of economy growth showed signs of faltering with an annual economic growth rate of 6.9%.

In 2015, the Group closely followed the Chinese government’s policies regarding the promotion of “Internet+” and “Agricultural Modernization” and actively pushed forward the development of its agricultural internet finance business by focusing on the agriculture sector as the core of its internet finance business, which will embody “Internet+” and will be able to provide corresponding agriculture industry chain-based financial service and information technology service support. Based on various key elements of urban development, including people’s livelihood, agriculture, economy and environment, the Group adopted a market-oriented approach to consolidate the resources of the domestic agricultural product wholesale markets on the back of the guidance and support of national policies. Meanwhile, the Group, from a high starting point, systematically pushed forward the development of the Chinese agricultural product wholesale market to be more computerized, informational and finance-based. In terms of specific operational management, the Group will make full use of its advantages to realize digitalized and intelligent business operation with network connectivity.

The overall demand for the global petrochemical industry remained flat, however, the Group had a solid foundation built on its product mix and marketing strategies. It also continued to optimize its petrochemical products supply chain and achieved synergic effect with major partners of its strategic cooperation. This business managed to achieve significant growth during the period.

Meanwhile, the Group consolidated its road and bridge construction business by taking advantages of the One Belt and One Road (OBOR) policy. The road and bridge construction business underwent smooth development in general on the basis of the Group’s sound foundation. As a result, the business has performed well and maintained a considerable number of contracted projects throughout the period.

In view of the changes to the internal business structure of the Group and to better and more clearly interpret the new businesses and future development strategies of the Company for the investors, the Group has added a new business sector in its financial report, i.e. the agricultural internet finance business (hereinafter referred to as “finance business”), for respective disclosures, in addition to the two existing business sectors, namely “trading business” and “road and bridge construction business”.

During the period under review, turnover of the Group was approximately RMB8,223,074,000, representing an increase of approximately 55.3% as compared with that of last year. The increase of the Group's turnover was primarily attributable to the growth of the business volume of petrochemical and chemical fertilizer products supply chain services. During the period under review, the Group recorded a gross profit of approximately RMB502,050,000, representing an increase of approximately 29.1% as compared to last year, which was mainly attributable to the significant increase of the Group's turnover since 2015. Turnover of petrochemical and chemical fertilizer products trading business was approximately RMB6,956,002,000 during the period, representing an increase of approximately 73.7% as compared to the same period last year, and gross profit was approximately RMB292,741,000, which represented an increase of 82% as compared to the same period last year. Turnover of the road and bridge construction business was approximately RMB1,263,654,000, representing a decrease of approximately 1.8% as compared to the same period last year, and gross profit was approximately RMB205,891,000, representing a year-on-year decrease of approximately 9.6%. Turnover of the agricultural internet finance business, which only started in the second half of 2015, was approximately RMB3,418,000, and the gross profit was approximately RMB3,418,000.

BUSINESS OPERATIONS

In 2015, the Group established an agricultural product investment holding company and a financial holding company, and acquired a third party payment (technical) platform and a financial leasing platform. Meanwhile, it entered into cooperation agreements with several medium-to-large-scale wholesale markets of agricultural products in the PRC, with the intention to jointly establish a data settlement centre which will provide relevant value-added services with the help of enormous volumes of transaction data in order to render financial solutions to the dealers in the market and seek cooperation opportunities in the agricultural e-commerce sector. Such platforms will create a strong synergic effect to the development of the Group's agriculture finance technology business, evidencing the Group's determination and comprehensive plans to develop its agricultural financial business.

For petrochemical and chemical fertilizer products supply chain services, the Group is mainly engaged in the trading of petrochemical products such as fuel oil, diesel, BTX Aromatics, p-Xylene and chemical fertilizer products. Leveraging its extensive experience accumulated and stable channels in this sector, the Company has established highly competitive product mix and business scale.

The Group is also engaged in road and bridge construction business. The road and bridge construction business mainly comprises the construction and maintenance of highways and bridges. The Company possesses first-class highway construction contractor qualification and first-class municipal utility construction contractor qualification for undertaking expressway, roadbed, bridge and municipal utility construction projects across the country. Leveraging the technical advantages and extensive project experience accumulated over the years in road and bridge construction business, the Group has not only strengthened its position in developed markets such as Eastern, Central and Southern China, but also capitalized from the opportunities brought by the national policies to further reinforce its strengths in road and bridge construction sector and continuously explore new markets so as to bring a stable and continuous momentum to optimize the development of the Group's road and bridge construction business and growth of the projects.

AGRICULTURAL INTERNET FINANCE BUSINESS

During the recent years, the PRC government vigorously promoted the concept of "Internet+" and continuously pushed forward the development of "Agricultural Modernization". The Group will have a geographical focus in the mainland China, in which it mainly provides financial leasing, trade finance and other agriculture supply chain finance related businesses in agriculture field. Meanwhile, it will also actively expand its agricultural internet finance business by providing agricultural products trading, agricultural product supply chain finance, financial leasing, trade finance and other related businesses in agriculture field. Such planning, which has been implemented for years, fully reflects that the management has been capable of seizing the opportunities arising from the government's two macroeconomic policies.

As this business only started in the second half of 2015, it had remained at the planning stage from 2015 to the end of the period, and no notable turnover was recorded yet. For the year ended 31 December 2015, turnover of the Group's agricultural internet finance business was approximately RMB3,418,000, representing approximately 0.042% of the total turnover of the Group; and the gross profit was approximately RMB3,418,000. Ever Fortune Financial Leasing Co., Ltd (hereinafter referred to as "Ever Fortune"), which was successfully acquired by the Company in 2015, has commenced its operation. It is believed that the financial leasing, commercial factoring and related businesses engaged by Ever Fortune will have an optimistic outlook and is in line with the Group's future strategic planning for agricultural internet finance business of the Company, which will also further provide a source of income with sustainable growth for the Group. The Company successively cooperated with several wholesale markets of agricultural products in the first half of 2016, through which it had established a joint venture for transaction data of agricultural products and prepared for the establishment of a financial services company. It is believed that the establishment of such companies will bring stable income for the development of this business.

PETROCHEMICAL PRODUCTS SUPPLY CHAIN SERVICES BUSINESS

In line with the agricultural policy advocated by the government, the Group actively capitalized on the opportunities brought by the reform of agricultural policy and structural adjustment of agriculture sector by deepening its business diversification strategy. Leveraging on its advantages in respect of resources and operating system for petrochemical products, the Group closely followed the national policies and tapped into the opportunities posed by the “Farmers, Villages and Agricultural Industry” reform by diversifying its trading business towards petrochemical downstream products and actively developing its petrochemical-related chemical fertilizer trading business. During the reporting period, the Group contracted accumulated sales orders in the chemical fertilizer business of over RMB3,989,834,500, with most of the business partners being well-established enterprises in the industry. The strategic planning of the chemical fertilizer business has not only broadened the range of products, trading and services of the Company, but also further strengthened its competitiveness as a whole.

Meanwhile, the PRC continued to cooperate with countries along OBOR on energy projects, bringing complementary advantages and more new development opportunities for these countries. In addition, oil and gas enterprises in China would be able to secure oil and gas resources at a lower price than before and have more opportunities to carry out low cost merger and acquisition. Under this favourable situation, the Group strictly controlled the trade-related risks, steadily pushed forward the adjustments on the layout of fuel oil and other petrochemical products trading business and carried out in-depth analysis on changes in market demand by leveraging its business foundation built up over the years, so as to facilitate further development of its core businesses.

For the year ended 31 December 2015, turnover for the Group’s petrochemical products trading business was approximately RMB6,956,002,000 (year ended 31 December 2014: approximately RMB4,005,569,000 (restated)), accounting for approximately 84.6% of the Group’s total turnover. Gross profit was approximately RMB292,741,000 (year ended 31 December 2014: approximately RMB160,946,000), representing a year-on-year increase of approximately 81.9%, whereas gross margin increased from approximately 4.0% last year to approximately 4.2% in the reporting period, which was mainly attributable to the adjustment of product structure and shortening of credit period of the business.

ROAD AND BRIDGE CONSTRUCTION BUSINESS

Benefitted from the aggressive promotion of the OBOR strategy by the PRC government, the demand for contractors of infrastructure construction and high-grade highways has increased rapidly. When undertaking large-scale projects, the Group would make comprehensive consideration on project profitability and competence of working partners. As for business expansion, it will prioritize regions supported by governments with solid financial strengths for tenders and construction, strictly control the relevant risks, and meanwhile ensure a steady growth in business and profit of the Group.

For the year ended 31 December 2015, turnover for the Group's road and bridge construction business was approximately RMB1,263,654,000 (year ended 31 December 2014: approximately RMB1,286,935,000), accounting for approximately 15.4% of the Group's total turnover, and gross profit was approximately RMB205,891,000 (year ended 31 December 2014: approximately RMB227,853,000), representing a year-on-year decrease of approximately 9.6%, whereas gross margin slightly decreased from approximately 17.7% in the same period last year to approximately 16.2% in the reporting period. The decrease was mainly attributable to further enhancement of management standard of the business in 2015 and differences among the types of certain road and bridge construction works as compared to the same period of last year. For the year ended 31 December 2015, the backlog of bid winning construction contracts for road and bridge construction business not yet recognized as revenue amounted to approximately RMB2.11 billion, most of which will be completed within the next 12 to 14 months and will bring stable capital inflows to the Group for future operations.

OTHER INCOME AND GAINS

For the year ended 31 December 2015, the Group's other income and gains were approximately RMB70,356,000 (year ended 31 December 2014: approximately RMB111,700,000).

DISTRIBUTION COSTS

For the year ended 31 December 2015, the Group's distribution costs were approximately RMB11,722,000 (year ended 31 December 2014: approximately RMB13,170,000), representing a significant decrease of approximately 11% as compared to last year, which was attributable to the decrease in its own logistics cost.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2015, the Group's administrative expenses were approximately RMB120,481,000 (year ended 31 December 2014: approximately RMB124,884,000). The decrease in administrative expense of the Group was mainly due to that no bad debt provision was made in the current year.

FINANCE COSTS

The finance costs for the year were approximately RMB60,396,000, representing a significant decrease of approximately 39.9% compared to RMB100,568,000 in last year.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the year ended 31 December 2015, the profit attributable to owners of the Company was approximately RMB247,449,000 (year ended 31 December 2014: approximately RMB168,083,000), representing an increase of approximately 47.2% as compared with the corresponding period of last year. The basic and diluted earnings per share attributable to owners of the Company during the period were approximately RMB0.085 (year ended 31 December 2014: approximately RMB0.069 (restated)), representing an increase of approximately 23.2% as compared with the corresponding period of last year.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Capital Structure

As at 31 December 2015, the Group had total assets less current liabilities of approximately RMB1,810,358,000 (31 December 2014: approximately RMB1,108,726,000), including non-current assets of approximately RMB1,094,135,000 (31 December 2014: RMB978,702,000) and net current assets of approximately RMB716,223,000 (31 December 2014: approximately RMB130,024,000).

Liquidity and Financial Resources

As at 31 December 2015 and 31 December 2014, the Group had restricted bank deposits and cash and cash equivalents of approximately RMB251,375,000 and RMB362,577,000, respectively.

As at 31 December 2015 and 31 December 2014, the Group had long-term borrowings of approximately RMB31,667,000 and RMB70,000,000, respectively and had short-term borrowings of approximately RMB1,021,200,000 and RMB822,000,000, respectively.

As at 31 December 2015 and 31 December 2014, debt asset ratios were approximately 72.4% and 73.9%, respectively. Debt asset ratio was calculated as the percentage of total liabilities divided by total assets.

Foreign exchange risk

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

Pledge of assets

As at 31 December 2015, the Group's payments for leasehold land held for own use under operating leases with a net book value of approximately RMB8,220,000 (31 December 2014: approximately RMB8,397,000) were pledged as security for the Group's bank borrowings. As at 31 December 2015, the Group had restricted bank deposits of approximately RMB251,375,000 (31 December 2014: approximately RMB289,242,000) as collateral for the bank borrowings and the issuance of commercial notes, performance bonds and bid bonds to customers.

Employee Information

As at 31 December 2015, the Group had 415 employees. During the period under review, total employee costs (including directors' remuneration) amounted to approximately RMB57,872,000 (year ended 31 December 2014: approximately RMB49,506,000). Employees' remuneration is determined with reference to industry practice as well as the performance, qualification and working experience of individual employee.

MATERIAL ACQUISITIONS OF SUBSIDIARY

On 1 September 2015, a sale and purchase agreement was entered into between Shenzhen Dasheng Financial Holding Company Limited, a wholly owned subsidiary of the Company (as purchaser) and Hebei Aowei Industrial Group Co., Ltd. (as vendor) in relation to the acquisition of 53% equity interests in Ever Fortune at the consideration of RMB53,000,000. The acquisition was subsequently completed on 3 November 2015. Details of which, please refer to the announcement of the Company dated 1 September 2015.

PROSPECT

According to the Guiding Opinions of the State Council on Actions for Aggressive Promotion of "Internet+" (《國務院關於積極推進「互聯網+」行動的指導意見》) issued by the State Council in July 2015, the Chinese government should seize the opportunities to accelerate and promote the development of "Internet+" by proactively leveraging the existing comparative advantages of Internet in China. To this end, the Group will duly review and capture any advantages and opportunities under the "new normal" phase of economic development, deepen its agriculture internet finance business and explore new business growth points along the agricultural industry chain to boost the overall performance of the Group.

While the State Council continued to focus on the “Farmers, Villages and Agricultural Industry” reform, which has been implemented for 12 years in a row, according to the Number 1 Document of the Central government, “Focusing on Development of Modern Agriculture and Accelerating Reform of Agricultural Development Model” was the main focus in the government’s scope of work in 2015. Coupled with various favourable policies such as Opinions on Accelerating the Reform of Agricultural Development Model (《關於加快轉變農業發展方式的意見》) launched during the year, the Chinese government will actively step up its efforts in the innovation of agricultural operation model in an effort to expand its agricultural industry chain, at the same time further promote the structural adjustment and strengthen technological innovation in the agricultural industry. It will also improve the quality and safety standards of agricultural products and ensure that key elements for establishing modern agricultural operation system such as “Safety on Tip of Tongue” (舌尖上的安全) will remain as the highest priority of the government. It is expected that the Chinese government will continue to accelerate its pace to push forward the “National Rural Reform” and “Agricultural Modernization”. By leveraging upon the orderly development of its existing businesses, the Group will make use of the two national strategies to explore more development opportunities. Meanwhile, it will spare no efforts to constantly optimize its general resources allocation, strengthen its overall management and achieve diversified operation to cater for the market demand. In terms of implementation, the Group will mainly make strategic adjustments in the following aspects.

Looking ahead, the Group will fully leverage the extensive layout, rich industry experience and ample resources of Shenzhen Dasheng Agricultural Group Co. Ltd., a substantial shareholder of the Company, in the agricultural sector. In terms of its agriculture internet finance business, the Group will respond to the call of the government with its best endeavours and at the same time actively carry out the reform of the traditional market of agricultural product circulation to enhance the circulation efficiencies of agricultural products. Given the characteristics of e-commerce, including information-based, openness and convenience, the currently dispersed and disordered traditional market of circulation may then be improved, and the industry chain will be shortened through efficient circulation, which will in turn benefit both farmers and consumers. The Group will also establish a consolidated agricultural internet finance system by focusing on the agricultural product wholesale market. The agricultural product wholesale market will be the core of this system. The old markets will be redeveloped into more standardized, systematic, informational, intelligent and finance-based markets through merger and acquisition or entrustment, which will set an industry benchmark for the intelligent agricultural product wholesale market in China. An electronic transaction system will also be implemented and established in every individual agricultural product wholesale market, resulting in circulating big data of agricultural products. On this basis, the Group will provide financial service for the respective parties of the transactions of agricultural products and obtain financial income therefrom. Meanwhile, it will also use these data as guidance for national transactions of agricultural products and resources allocation, which may facilitate monitoring and tracking of agricultural products in all stages and thus ensure food safety.

In order to demonstrate our determination to develop the agricultural finance technology business, the Group has started its planning for expansion into the agricultural internet finance sector since the second half of 2015. During which, it has established joint ventures for transaction data of agricultural products with several wholesale markets of agricultural product, prepared for the establishment of a financial services company, and formed preliminary strategic partnerships with banks. Meanwhile, the Group will provide supply chain finance service in the field of bulk transaction of agricultural by-products, particularly for agricultural by-products of single-variety (such as oats, apples, beef, etc.), so as to achieve the industry chain integration of single-variety products and obtain income from the supply chain finance service. The Group will, on the basis of its existing platform, vigorously promote the agricultural internet finance business in the future and review its existing businesses from time to time. Meanwhile, it will explore new potential agricultural finance projects, striving to provide new, strong and sustainable drivers for the Group's overall performance growth.

For petrochemical products, the Group will focus on the development of the business of agricultural resources products relating to agricultural sector, improve its marketing strategies and strengthen the strategic cooperation with major partners.

For road and bridge construction business, the Group will continue to adapt to the national OBOR strategy in conjunction with the PPP model, a new development model introduced by the central government. Meanwhile, the Group will focus on key project constructions by reinforcing its management control and constantly maintaining and enhancing the construction management standards. It will also place great emphasis on both safety and quality during this process to achieve steady development on the basis of the existing foundation.

CORPORATE GOVERNANCE

During the year ended 31 December 2015, the Company has complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules, except the following:

Code Provision A.6.7 of the CG Code stipulates that non-executive directors, including independent non-executive directors, should attend general meetings of the Company. One of the independent non-executive directors, namely Ms. Pan Min, was unable to attend the annual general meeting of the Company held on 23 June 2015 due to other business engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Following a specific enquiry, all the Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2015.

AUDIT COMMITTEE

An audit committee (“**Audit Committee**”) was formed in 2005 and the terms of reference of Audit Committee are aligned with the CG Code. The primary duties of Audit Committee are to review and monitor the financial reporting process and internal controls system of the Group. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Chung Cheuk Ming, Ms. Pan Man and Mr. Zhou Jianhao and one non-executive Director, namely, Mr. Chan Cheuk Wing Andy (retired on 23 June 2015) and Mr. Zhu Tianxiang (appointed on 23 June 2015). The chairman of the Audit Committee is Mr. Chung Cheuk Ming.

The Audit Committee, together with the management of the Company, has reviewed the Group’s consolidated results for the year ended 31 December 2015 and had the opinion that the preparation of the results is in compliance with the applicable accounting standards and requirements.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2015 have been agreed by the Group’s auditor, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary results announcement.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2015.

DIVIDEND

No interim dividend was declared for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

On 15 June 2016, the Board recommended the payment of a final dividend of RMB0.015 per share (2014: RMB0.025 per share), totalling approximately RMB76,331,000 (2014: approximately RMB50,905,000) for the year ended 31 December 2015. The proposed final dividend per share is based on the number of issued shares of the Company (i.e. 5,088,719,875 shares) as of the date of the Board meeting (i.e. 15 June 2015) determining the final dividend.

DISTRIBUTION OF FINAL DIVIDEND

Distribution of the proposed final dividend is subject to approval by the shareholders of the Company at the annual general meeting (the “**AGM**”) of the Company to be held on 23 August 2016. According to the articles of association of the Company, dividends will be denominated and declared in RMB. Dividend payable to holders of the domestic shares of the Company will be declared and paid in RMB, whereas dividend payable to holders of the H shares of the Company will be declared in RMB but paid in Hong Kong dollars. The relevant exchange rate will be the average middle exchange rate of RMB to Hong Kong dollars as announced by the People’s Bank of China for the week prior to the date of declaration of the final dividends.

In accordance with the Enterprise Income Tax Law of the People’s Republic of China and the relevant implementing rules which came into effect on 1 January 2008, the Company is required to withhold enterprise income tax at the rate of 10% when distributing dividends to non-resident enterprise shareholders whose names appear on the H share register of members of the Company. Any H shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as shares being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the enterprise income tax. For the individual shareholders whose names appear on the H-share register of members as natural persons, no individual income tax will be withheld.

BONUS ISSUE OF SHARES

The Board proposed to make a bonus issue of shares to all the shareholders of the Company on the basis of five bonus shares for every ten existing shares of the Company held by the shareholders of the Company (the “**Bonus Issue**”). The Bonus Issue is subject to the approval of shareholders and relevant regulatory authorities. The necessary resolutions will be proposed at the AGM. A circular containing, among other things, further details of the Bonus Issue, together with the record date for such entitlements and relevant notices of meetings, will be dispatched to the shareholders of the Company as soon as practicable.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' entitlements to attend and vote at the AGM, the registration in the register of members of the Company will be closed from Saturday, 23 July 2016 to Tuesday, 23 August 2016, both days inclusive. During such period, no transfer of shares will be effected. In order to establish the right to attend and vote at the AGM, all transfer documents accompanied by the relevant H share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 22 July 2016. Shareholders whose names appear on the register of members of the Company on Saturday, 23 July 2016 will be entitled to attend and vote at the AGM.

For determining the entitlements to the proposed final dividend for the year ended 31 December 2015, the registration in the register of members of the Company will be closed from Tuesday, 30 August 2016 to Sunday, 4 September 2016, both days inclusive. During such period, no transfer of shares will be effected. In order to qualify for the entitlement to the proposed final dividends, all transfer documents accompanied by the relevant H share certificates, must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 29 August 2016. Shareholders whose names appear on the register of members of the Company on Sunday, 4 September 2016 will be entitled to the final dividend.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The 2015 annual report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders and made available on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and of the Company (<http://www.tonva.com>) in due course.

APPRECIATION

On behalf of the Board, I wish to express my sincere gratitude to the Board members, the management and the staff of the Group for their dedication and contribution during the past year, and to the shareholders and business partners for their continuous support for the Group.

RESUMPTION OF TRADING

At the request of the Company, trading in the H shares of the Company on the Stock Exchange of Hong Kong Limited has been suspended with effect from 9:00 a.m. on 1 April 2016 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 16 June 2016.

By Order of the Board
Shanghai Dasheng Agriculture Finance Technology Co., Ltd.
Lan Huasheng
Chairman

Shanghai, PRC, 15 June 2016

As at the date of this announcement, the Board comprises three executive directors: Mr. Lan Huasheng, Mr. Mo Luojiang and Mr. Wang Liguang; one non-executive director: Mr. Zhu Tianxiang; and three independent non-executive directors: Mr. Chung Cheuk Ming, Ms. Pan Min and Mr. Zhou Jianhao.