

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA AGRI-PRODUCTS EXCHANGE LIMITED

中國農產品交易有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 0149)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

The board of directors (the “Board”) of China Agri-Products Exchange Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2008, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	2008 HK\$'000	2007 HK\$'000 (restated)
Continuing operations			
Turnover	5	168,050	45,929
Cost of operation		(33,313)	(25,244)
Gross profit		134,737	20,685
Other revenue		6,256	10,284
Other net income		17,904	24,792
General and administrative expenses		(83,472)	(18,402)
Other operating expenses		(918,752)	(5,473)
(Loss)/profit from operations		(843,327)	31,886
Finance costs	6(a)	(56,610)	(7,069)
(Loss)/profit before taxation	6	(899,937)	24,817
Income tax	7(a)	216,604	(5,289)
(Loss)/profit for the year from continuing operations		(683,333)	19,528
Discontinued operations			
Profit/(loss) for the year from discontinued operations	8	5,000	(33,870)
Loss for the year		(678,333)	(14,342)

* For identification purpose only

CONSOLIDATED INCOME STATEMENT *(continued)**For the year ended 31 December 2008*

	<i>Notes</i>	2008 HK\$'000	2007 HK\$'000 (restated)
Attributable to:			
Equity shareholders of the Company		(613,387)	(15,098)
Minority interests		<u>(64,946)</u>	<u>756</u>
Loss for the year		<u>(678,333)</u>	<u>(14,342)</u>
Distribution of contributed surplus to equity shareholders of the Company	9	<u>15,313</u>	<u>—</u>
(Loss)/earnings per share			
From continuing and discontinued operations			
— Basic	10(a)	<u>HK\$(0.80)</u>	<u>HK\$(0.04)</u>
— Diluted	10(b)	<u>HK\$(0.81)</u>	<u>HK\$(0.09)</u>
From continuing operations			
— Basic	10(a)	<u>HK\$(0.81)</u>	<u>HK\$0.04</u>
— Diluted	10(b)	<u>HK\$(0.82)</u>	<u>HK\$(0.01)</u>
From discontinued operations			
— Basic	10(a)	<u>HK\$0.01</u>	<u>HK\$(0.08)</u>
— Diluted	10(b)	<u>HK\$0.01</u>	<u>HK\$(0.08)</u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i> (restated)
Non-current assets			
Property, plant and equipment		15,398	37,654
Investment properties		713,450	604,210
Prepaid lease payments		—	—
Intangible assets		484,036	1,349,032
Goodwill		—	—
		1,212,884	1,990,896
Current assets			
Inventories		807	1,172
Trade and other receivables	11	6,355	100,839
Cash and cash equivalents		239,185	260,894
		246,347	362,905
Current liabilities			
Trade and other payables	12	247,220	293,245
Bank and other borrowings		239,455	71,628
Derivative financial instruments		—	49,869
Government grants		1,369	1,289
Income tax payable		68,829	52,684
		556,873	468,715
Net current liabilities		(310,526)	(105,810)
Total assets less current liabilities		902,358	1,885,086
Non-current liabilities			
Bank and other borrowings		17,039	194,355
Promissory notes		294,967	279,575
Convertible notes		—	287,957
Deferred tax liabilities		126,864	342,769
		438,870	1,104,656
NET ASSETS		463,488	780,430
CAPITAL AND RESERVES			
Share capital		119,443	91,363
Reserves		273,522	562,463
Total equity attributable to equity shareholders of the Company		392,965	653,826
Minority interests		70,523	126,604
TOTAL EQUITY		463,488	780,430

NOTES TO FINANCIAL STATEMENTS

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The functional currency of the Company is Renminbi. The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) for the convenience of the readers.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Going concern basis

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group notwithstanding that:

- the Group had the consolidated loss attributable to equity shareholders of HK\$613,387,000 for the year ended 31 December 2008;
- the Group had consolidated net current liabilities of approximately HK\$310,526,000 as at 31 December 2008;
- the Group had outstanding bank and other borrowings of approximately HK\$256,494,000, out of which an aggregate of approximately HK\$239,455,000 is due for repayment within the next twelve months after 31 December 2008;
- the Group defaulted the repayment of other borrowings of approximately HK\$1,136,000 during the year ended 31 December 2008. The amount was subsequently settled in January 2009; and
- the Group defaulted the repayment of certain debts for construction payables of approximately HK\$1,965,000 during the year ended 31 December 2008 under litigations brought against the Group by certain contractors. As at 31 December 2008, the construction payables of approximately HK\$1,246,000 and penalty interest thereon of approximately HK\$1,291,000 are immediately due for repayment.

The directors adopted the going concern basis in the preparation of the financial statements and implemented the following measures in order to improve the working capital and liquidity and cash flow position of the Group:

(i) Alternative sources of external funding

The Group is actively exploring the availability of alternative sources of external funding to strengthen the working capital position of the Group.

Subsequent to 31 December 2008, the Group raised an aggregate of approximately HK\$37,000,000 from placing of the Company’s shares.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

Going concern basis *(continued)*

(ii) Attainment of profitable and positive cash flow operations

The Group is taking measures to tighten cost controls over various costs and expenses and to seek new investment and business opportunities with an aim to attain profitable and positive cash flow operations. The Group is expected to derive sufficient cash flow in 2009.

Subsequent to 31 December 2008, the Group acquired the entire equity interest in Shiney Day Investments Limited.

(iii) Necessary facilities

The Group will negotiate with its bankers to secure necessary facilities to meet the Group's working capital and financial requirements in the near future.

In the opinion of the directors, in light of the various measures/arrangements implemented after the balance sheet date together with the expected results of other measures, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the financial statements.

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

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are effective for the Group's financial year beginning on 1 January 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on the results and financial position for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of Financial Statements ²
HKAS 23 (Revised)	Borrowing Costs ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ²
HKAS 39 (Amendment)	Amendment to HKAS 39 Financial Instrument : Recognition and Measurement — Eligible Hedged Items ³
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ²
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards ³
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ²
HKFRS 3 (Revised)	Business Combinations ³
HKFRS 8	Operating Segments ²
HK(IFRIC) — Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate ²
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation ⁵
HK(IFRIC) — Int 17	Distribution of Non-cash Assets to Owners ³
HK(IFRIC) — Int 18	Transfer of Assets from Customers ⁶

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

- ¹ Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
- ² Effective for annual periods beginning on or after 1 January 2009
- ³ Effective for annual periods beginning on or after 1 July 2009
- ⁴ Effective for annual periods beginning on or after 1 July 2008
- ⁵ Effective for annual periods beginning on or after 1 October 2008
- ⁶ Effective for transfers of assets from customers received on or after 1 July 2009

The Company’s directors anticipate that the application of the new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. RESTATEMENT OF PRIOR PERIODS AND OPENING BALANCES

In December 2007, the Group acquired a subsidiary and the fair value of the assets and liabilities acquired was determined provisionally as the acquisition was completed near the year-end date. Therefore, adjustments on the provisional fair value were made in this year after the finalisation of the identification and valuation of the assets and liabilities acquired.

4. RESTATEMENT OF PRIOR PERIODS AND OPENING BALANCES *(continued)*

The consolidated balance sheet as at 31 December 2007 has been restated to reflect the finalised fair value of acquiree's assets and liabilities. The effects of the restatement on the 2007 financial statements are summarised below:

Effect on the consolidated financial statements

Consolidated income statement for the year ended 31 December 2007

	2007 HK\$'000 (as previously reported)	Effect of restatement HK\$'000	2007 HK\$'000 (as restated)
Continuing operations			
Turnover	45,929	—	45,929
Cost of operation	(25,244)	—	(25,244)
Gross profit	20,685	—	20,685
Other revenue	10,284	—	10,284
Other net income	24,792	—	24,792
General and administrative expenses	(18,402)	—	(18,402)
Other operating expenses	(1,847)	(3,626)	(5,473)
Profit from operations	35,512	(3,626)	31,886
Finance costs	(7,069)	—	(7,069)
Profit before taxation	28,443	(3,626)	24,817
Income tax	(6,195)	906	(5,289)
Profit for the year from continuing operations	22,248	(2,720)	19,528
Discontinued operations			
Loss for the year from discontinued operations	(33,870)	—	(33,870)
Loss for the year	<u>(11,622)</u>	<u>(2,720)</u>	<u>(14,342)</u>
Attributable to:			
Equity shareholders of the Company	(12,650)	(2,448)	(15,098)
Minority interests	1,028	(272)	756
Loss for the year	<u>(11,622)</u>	<u>(2,720)</u>	<u>(14,342)</u>

4. RESTATEMENT OF PRIOR PERIODS AND OPENING BALANCES *(continued)*

Effect on the consolidated financial statements

Consolidated balance sheet as at 31 December 2007

	2007 <i>HK\$'000</i> (as previously reported)	Effect of restatement <i>HK\$'000</i>	2007 <i>HK\$'000</i> (as restated)
Non-current assets			
Property, plant and equipment	37,654	—	37,654
Investment properties	604,210	—	604,210
Prepaid lease payments	—	—	—
Intangible assets	—	1,349,032	1,349,032
Goodwill	900,712	(900,712)	—
	<u>1,542,576</u>	<u>448,320</u>	<u>1,990,896</u>
Current assets			
Inventories	1,172	—	1,172
Trade and other receivables	31,193	69,646	100,839
Cash and cash equivalents	260,894	—	260,894
	<u>293,259</u>	<u>69,646</u>	<u>362,905</u>
Current liabilities			
Trade and other payables	215,861	77,384	293,245
Bank and other borrowings	71,628	—	71,628
Derivative financial instruments	49,869	—	49,869
Government grants	1,289	—	1,289
Income tax payable	52,684	—	52,684
	<u>391,331</u>	<u>77,384</u>	<u>468,715</u>
Net current liabilities	<u>(98,072)</u>	<u>(7,738)</u>	<u>(105,810)</u>
Total assets less current liabilities	1,444,504	440,582	1,885,086
Non-current liabilities			
Bank and other borrowings	194,355	—	194,355
Promissory notes	279,575	—	279,575
Convertible notes	287,957	—	287,957
Deferred tax liabilities	5,510	337,259	342,769
	<u>767,397</u>	<u>337,259</u>	<u>1,104,656</u>
NET ASSETS	<u><u>677,107</u></u>	<u><u>103,323</u></u>	<u><u>780,430</u></u>

4. RESTATEMENT OF PRIOR PERIODS AND OPENING BALANCES *(continued)*

Effect on the consolidated financial statements *(continued)*

Consolidated balance sheet as at 31 December 2007 *(continued)*

	2007 <i>HK\$'000</i> (as previously reported)	Effect of restatement <i>HK\$'000</i>	2007 <i>HK\$'000</i> (as restated)
CAPITAL AND RESERVES			
Share capital	91,363	—	91,363
Reserves	551,210	11,253	562,463
Total equity attributable to equity shareholder of the Company	642,573	11,253	653,826
Minority interests	34,534	92,070	126,604
TOTAL EQUITY	677,107	103,323	780,430

5. TURNOVER

Turnover represents revenue from (i) property rental income and property ancillary services, (ii) commission income from agricultural exchange market, and (iii) sale of food and beverages. The amount of each significant category of revenue recognised during the year, net of discount and sales related tax, is analysed as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Continuing operations:		
Gross rental income	47,060	6,813
Revenue from property ancillary services	52,507	9,065
Commission income from agricultural exchange market	42,730	6,439
Sales of food and beverages	25,753	23,612
	168,050	45,929
Discontinued operations:		
	—	—
	168,050	45,929

5. TURNOVER (continued)

An analysis of the Group's revenue and result by business segments is presented below:

	Continuing operations				Discontinued operations				Consolidated	
	Property rental		Restaurant operation		Property investment		Unallocated			
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Revenue										
External sales	<u>142,297</u>	<u>22,317</u>	<u>25,753</u>	<u>23,612</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>168,050</u>	<u>45,929</u>
Result										
Segment result	<u>(841,398)</u>	<u>12,731</u>	<u>(7,771)</u>	<u>(2,308)</u>	<u>—</u>	<u>(33,870)</u>	<u>—</u>	<u>—</u>	<u>(849,169)</u>	<u>(23,447)</u>
Unallocated corporate expenses, net									(4,103)	(3,103)
Fair value change on derivative embedded in convertible notes									9,945	24,566
Loss from operations									(843,327)	(1,984)
Finance costs									(56,610)	(7,069)
Gain on disposal of subsidiaries					5,000	—			5,000	—
Loss before taxation									(894,937)	(9,053)
Income tax									216,604	(5,289)
Loss for the year									<u>(678,333)</u>	<u>(14,342)</u>
Other information										
Capital expenditure										
— acquisition of a subsidiary	—	1,961,777	—	—	—	—	—	—	—	1,961,777
— others	46,032	4,615	1,340	58	—	—	2,174	—	49,546	4,673
Depreciation and amortisation	47,927	3,799	610	1,011	—	639	384	150	48,921	5,599
Impairment loss										
— prepaid lease payments	—	—	—	—	—	33,162	—	—	—	33,162
— intangible assets	872,385	—	—	—	—	—	—	—	872,385	—
— goodwill	—	—	—	1,847	—	—	—	—	—	1,847
Share based payment expenses	—	—	—	—	—	—	—	5,171	—	5,171

5. **TURNOVER** (continued)

	Continuing operations				Discontinued operations		Consolidated	
	Property rental		Restaurant operation		Property investment			
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
ASSETS								(restated)
Segment assets	1,225,051	2,154,347	7,598	22,733	—	—	1,232,649	2,177,080
Unallocated corporate assets							226,582	176,721
Consolidated total assets							<u>1,459,231</u>	<u>2,353,801</u>
LIABILITIES								
Segment liabilities	213,943	280,252	5,302	8,766	—	26	219,245	289,044
Unallocated corporate liabilities							776,498	1,284,327
Consolidated total liabilities							<u>995,743</u>	<u>1,573,371</u>

6. **(LOSS)/PROFIT BEFORE TAXATION**

(Loss)/profit before taxation is arrived at after charging/(crediting):

a) **Finance costs**

	2008 HK\$'000	2007 HK\$'000
Continuing operations:		
Interest on bank advances and other borrowings wholly repayable within five years	20,452	2,158
Interest on convertible notes	675	2,392
Interest on promissory notes	34,192	2,519
Penalty interest on default of construction payables	1,291	—
Total interest expense on financial liabilities not at fair value through profit or loss	<u>56,610</u>	<u>7,069</u>
Discontinued operations:	<u>—</u>	<u>—</u>
	<u>56,610</u>	<u>7,069</u>

6. (LOSS)/PROFIT BEFORE TAXATION (continued)

b) Other items

	2008 HK\$'000	2007 HK\$'000 (restated)
Continuing operations:		
Amortisation of intangible assets *	46,367	3,626
Depreciation	2,554	1,334
Impairment loss on goodwill *	—	1,847
Impairment loss on intangible assets *	872,385	—
Auditor's remuneration	800	2,974
Operating lease charges: minimum lease payments		
— property rental	3,535	2,904
Share-based payments of consultants	—	539
Rental receivable from investment properties less direct outgoings of HK\$1,354,000 (2007: HK\$146,000)	(45,706)	(6,667)
Cost of inventories	<u>16,613</u>	<u>14,854</u>
Discontinued operations:		
Amortisation of prepaid lease payments	—	639
Impairment loss on prepaid lease payments	—	33,162
Auditor's remuneration	<u>—</u>	<u>26</u>

* Included in "other operating expenses" as disclosed in the consolidated income statement.

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

a) Continuing operations

Taxation in the consolidated income statement represents:

	2008 HK\$'000	2007 HK\$'000 (restated)
Current tax — PRC enterprise income tax		
Current tax	13,084	5,853
Under-provision in respect of prior years	<u>—</u>	<u>342</u>
	13,084	6,195
Deferred tax		
Origination and reversal of temporary differences	<u>(229,688)</u>	<u>(906)</u>
	<u>(216,604)</u>	<u>5,289</u>

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT *(continued)*

a) Continuing operations *(continued)*

Taxation in the consolidated income statement represents: *(continued)*

No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profits arising in Hong Kong for the years ended 31 December 2008 and 2007. PRC Enterprise Income Tax is computed according to the relevant legislation interpretations and practices in respect thereof during the year. PRC Enterprise Income Tax rate is 25% (2007: 33%).

b) Discontinued operations

No provision for Hong Kong Profits Tax has been made by the entities comprising the discontinued operations as these entities either have no assessable profit during the period or have unrelieved tax losses brought forward which are not likely to be crystallised in the future.

8. DISCONTINUED OPERATIONS

On 18 November 2008, the Group's property sales and development operations were discontinued following the disposal of two wholly-owned subsidiaries, namely Renowned Holdings Limited and Superwide Development Limited (collectively known as the "Renowned Group").

The profit/(loss) for the year from the discontinued operations is analysed as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Gain on disposal of Renowned Group	5,000	—
Loss for the period/year on property sales and development operations	<u>—</u>	<u>(33,870)</u>
	<u>5,000</u>	<u>(33,870)</u>

9. DISTRIBUTION OF CONTRIBUTED SURPLUS TO EQUITY SHAREHOLDERS OF THE COMPANY

During the year ended 31 December 2008, the directors resolved to declare and pay contributed surplus of HK\$0.02 (2007: Nil) per ordinary share to equity shareholders of the Company whose names appeared in the register of members on 8 October 2008.

10. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share attributable to ordinary equity shareholders of the Company for the year is based on the following data:

a) Basic (loss)/earnings per share

For continuing and discontinued operations

The calculation of basic (loss)/earnings per share is based on the loss for the year attributable to ordinary equity shareholders of the Company of HK\$613,387,000 (2007: HK\$15,098,000) and the weighted average number of 762,216,000 ordinary shares (2007: 425,098,000 ordinary shares) in issue during the year, calculated as follows:

i) (Loss)/profit attributable to ordinary equity shareholders of the Company

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i> (restated)
Continuing operations	(618,387)	18,772
Discontinued operations	5,000	(33,870)
	<u>(613,387)</u>	<u>(15,098)</u>

ii) Weighted average number of ordinary shares

	2008 <i>'000</i>	2007 <i>'000</i>
Issued ordinary shares at 1 January	585,659	277,409
Effect of conversion of convertible notes	176,557	—
Effect of share options exercised	—	6,319
Effect of shares issued under a placement	—	141,370
	<u>762,216</u>	<u>425,098</u>

For continuing operations

The calculation of basic (loss)/earnings per share is based on the loss for the year attributable to ordinary equity shareholders of the Company of HK\$618,387,000 (2007: a profit of HK\$18,772,000) and the weighted average number of 762,216,000 ordinary shares (2007: 425,098,000 ordinary shares) in issue during the year.

For discontinued operations

The calculation of basic (loss)/earnings per share is based on the profit for the year attributable to ordinary equity shareholders of the Company of HK\$5,000,000 (2007: a loss of HK\$33,870,000) and the weighted average number of 762,216,000 ordinary shares (2007: 425,098,000 ordinary shares) in issue during the year.

10. (LOSS)/EARNINGS PER SHARE *(continued)*

b) Diluted (loss)/earnings per share

For continuing and discontinued operations

The calculation of diluted (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$622,657,000 (2007: HK\$37,272,000) and the weighted average number of ordinary shares of 765,659,000 ordinary shares (2007: 438,413,000 ordinary shares), calculated as follows:

i) Loss attributable to ordinary equity shareholders of the Company (diluted)

	2008 HK\$'000	2007 HK\$'000 (restated)
Loss attributable to ordinary equity shareholders	(613,387)	(15,098)
After tax effect of effective interest on liability component of convertible notes	675	2,392
After tax effect of gains recognised on the derivative component of convertible notes	(9,945)	(24,566)
Loss attributable to ordinary equity shareholders (diluted)	<u>(622,657)</u>	<u>(37,272)</u>

ii) Weighted average number of ordinary shares (diluted)

	2008 '000	2007 '000
Weighted average number of ordinary shares at 31 December	762,216	425,098
Effect of conversion of convertible notes	3,443	13,315
Weighted average number of ordinary shares (diluted) at 31 December	<u>765,659</u>	<u>438,413</u>

The computation of diluted (loss)/earnings per share did not assume the exercise of the Company's outstanding share options since the exercise price of the share options was higher than the average market price for shares.

For continuing operations

The calculation of diluted (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$627,657,000 (2007: HK\$3,402,000) and the weighted average number of ordinary shares of 765,659,000 ordinary shares (2007: 438,413,000 ordinary shares), calculated as follows:

10. (LOSS)/EARNINGS PER SHARE *(continued)*

b) Diluted (loss)/earnings per share *(continued)*

For continuing operations (continued)

Loss attributable to ordinary equity shareholders of the Company (diluted)

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i> (restated)
(Loss)/profit attributable to ordinary equity shareholders	(618,387)	18,772
After tax effect of effective interest on liability component of convertible notes	675	2,392
After tax effect of gains recognised on the derivative component of convertible notes	(9,945)	(24,566)
Loss attributable to ordinary equity shareholders (diluted)	<u>(627,657)</u>	<u>(3,402)</u>

For discontinued operations

The calculation of diluted (loss)/earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$5,000,000 (2007: a loss of HK\$33,870,000) and the weighted average number of ordinary shares of 765,659,000 ordinary shares (2007: 438,413,000 ordinary shares).

11. TRADE AND OTHER RECEIVABLES

The Group generally allows an average credit period of 30 days to 180 days to its trade customers. Included in trade and other receivables at 31 December 2008 and trade receivable of HK\$1,598,000 (2007: HK\$20,492,000), and their ageing analysis is as follows:

	The Group	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Trade receivables:		
0- 90 days	689	609
91-180 days	108	167
Above 180 days	801	19,716
	<u>1,598</u>	<u>20,492</u>

12. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payable of HK\$1,340,000 (2007: HK\$1,395,000), and their ageing analysis is as follows:

	The Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables:		
Within 90 days	1,317	—
After 90 days but within 180 days	23	1,395
	<hr/> 1,340 <hr/>	<hr/> 1,395 <hr/>

13. EXTRACT OF THE AUDITORS' REPORT

The following is an extract of the independent auditor's report on the Group's annual audited financial statements for the year ended 31 December 2008:

“Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Without qualifying our opinion, we draw attention to note 2 to the consolidated financial statements which indicates that the Group incurred a net consolidated loss attributable to equity shareholders of the Company of approximately HK\$613,387,000 for the year ended 31 December 2008 and, as of that date, the Group's consolidated current liabilities exceeded its consolidated current assets by approximately HK\$310,526,000. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the Group's ability to extend its short-term borrowings upon maturity, obtain long-term financing facilities to re-finance its short-term borrowings, and derive adequate operating cash flows from its existing operations in order for the Group to meet its financial obligation as they fall due and to finance its future working capital and financial requirements. These conditions, along with other matters as set forth in note 2, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.”

SUMMARY OF OPERATING RESULTS

Turnover and gross profits

For the year ended 31 December 2008, the Group recorded a turnover of approximately HK\$168.1 million, a substantial increase of approximately HK\$122.2 million or 266.2% increase from HK\$45.9 million for the previous financial year.

The tremendous increase is attributable to the acquisition of an agricultural produce exchange business in Baisazhou, Wuhan, the People's Republic of China ("PRC") which was completed in December 2007 and a full year's turnover has been included in 2008.

The gross profit of the Group increased by 550.7% to approximately HK\$134.7 million from HK\$20.7 million for the previous year. The gross profit margin of the Group for the financial year was 80.1%, compared to 45.1% for the previous financial year.

Administrative expenses and finance costs

The substantial increase in administrative expenses to approximately HK\$83.5 million (2007: HK\$18.4 million) was mainly due to the inclusion of full year effect of the operation of Baisazhou.

Other operating expenses amounted to approximately HK\$918.8 million which mainly represented the impairment of intangible assets due to the change of market conditions and preference of customers.

The substantial increase in finance costs to approximately HK\$56.6 million (2007: HK\$7.1 million) was mainly due to the inclusion of the full year's interest paid on the bank loans taken out by Baisazhou and the interest expenses arising from the promissory notes issued by the Company at the end of 2007 to pay for part of the consideration for the acquisition of Baisazhou.

Loss attributable to equity shareholders

The loss attributable to equity shareholders of the Company for the year was approximately HK\$613.4 million compared to a loss of approximately HK\$15.1 million for previous year. The increase in net loss was mainly due to the impairment of an intangible asset and substantial increase in interest expense.

DIVIDENDS AND OTHER DISTRIBUTION

No interim dividend was paid to the shareholders of the Company during the year under review (2007: Nil), but a distribution of contributed surplus of HK\$0.02 per ordinary share was paid in October 2008. The Directors do not recommend any payment of final dividend for the year ended 31 December 2008 (2007: Nil).

REVIEW OF OPERATIONS

During the year under review, the Group principally engaged in the business of agricultural produce exchange and restaurant operation.

Agricultural produce exchange

The Group operates the Baisazhou agricultural produce exchange which acts as a distribution channel for a diversified customer base in the southern and central parts of the PRC. The Group provides its customers with a systematic logistics flow in order to maximise the throughput of the exchange.

Baisazhou is one of the largest agricultural produce exchange operators in terms of site area in the PRC. Baisazhou is situated at the Hongshan District of Wuhan with a site area of approximately 270,000 square metres and a total gross floor area of approximately 160,000 square metres as at 31 December 2008. There are about 1,200 anchor merchants serving the central and downstream areas of Yangtze River with a combined population of about 200 million.

Subsequent to the financial year end, the Group entered into an agreement to acquire the entire issued capital of Shiney Day Investments Limited which beneficially holds a 65% equity interest in Yulin agricultural wholesale market situated in Guangxi Province, the PRC and a 51% equity interest in Xuzhou agricultural wholesale market situated in Jiangsu Province, the PRC, as detailed in the Company's circular dated 6 March 2009.

Restaurant Operation

The total turnover of the Group's two restaurants located in Shenzhen and Beijing was approximately HK\$25.8 million (2007: HK\$23.6 million).

FUND RAISING ACTIVITIES

Subsequent to financial year ended 31 December 2008, the Company placed and issued a total of 153 million shares of US\$0.02 each at a price of HK\$0.25 per share. An aggregate of net proceeds of approximately HK\$37.0 million were raised for general working capital purpose. The directors continue to explore any opportunity with potential investors to raise further fund, to make available certain new borrowing and facilities in order to further strengthen the shareholders' base and further enhance the development of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2008, the Group had total cash and cash equivalents amounting to approximately HK\$239.2 million (2007: HK\$260.9 million) whilst total assets and net assets were approximately HK\$1,459.2 million (2007: HK\$2,353.8 million) and approximately HK\$463.5 million (2007: HK\$780.4 million), respectively. The Group's gearing ratio as at 31 December 2008 was approximately 1.19 (2007: 0.70), being a ratio of total bank and other borrowings and promissory notes of approximately HK\$551.5 million (2007: HK\$545.6 million) to shareholders' funds of approximately HK\$463.5 million (2007: HK\$780.4 million).

On 7 January 2008, all of the HK\$360 million convertible notes issued in December 2007 were exercised and converted into 180 million shares of the Company with a nominal value of US\$0.02 each at a conversion price of HK\$2.00 per share. Upon completion of this conversion, the Group did not have any outstanding convertible notes and the total number of shares of the Company in issue was increased to 765,658,596 shares as at 31 December 2008.

As at 31 December 2008, outstanding capital commitments, contracted but not provided for, amounted to approximately HK\$60.8 million (2007: HK\$79.4 million) in relation to the purchase of property, plant and equipment, and construction contracts.

As at 31 December 2008, Baisazhou had pledged the land use rights with carrying amount of HK\$255.1 million (2007: HK\$246.5 million) in respect of its investment properties to secure the bank loan taken out by Baisazhou.

The Group did not have any outstanding foreign exchange contracts, interest or currency swaps or other financial derivatives as at 31 December 2008.

PROSPECTS

The continued support for the agricultural sector from the PRC government sees nurturing the development of agriculture, increasing farmers' income and stabilising farm village living standards adopted as some of the major tasks of the PRC government as disclosed in the latest National People's Congress meeting.

Different favorable measures have been put in place that includes increasing budgetary support for the agricultural sector, strengthening agricultural support policies, providing a systematic mechanism to protect against the misuse of farmland as well as encouraging agricultural technology innovation to accelerate agricultural production cycles. The PRC government has also made pledges towards the development of rural operations, stabilising and improving land contract relationship and allowing diverse forms of farming operations so that they may develop to an appropriate scale to accommodate the 1.3 billion population needs.

All these measures give us indication that there will be a continuing growth in agricultural upstream, midstream and downstream businesses cycles in the years to come.

The acquisition of two more agricultural produce exchanges in Guangxi Province and Jiangsu Province in February 2009 enables the Group to create synergy through a centralised brand to operate agricultural produce exchanges across the PRC. The Group's current agricultural produce exchanges are strategically positioned in the key gathering points for buyers and sellers. In addition, they are located in the intersection of national highways which link up the northern, central and southern parts of the PRC, making it a necessary pass-through or stopover for all participants in the trade and relatively close to other major retail market places.

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2008, the Group had approximately 506 (2007: 544) employees, approximately 99% of whom were located in the PRC. The Group's remuneration policy is reviewed periodically and remuneration is determined by reference to market terms, company performance, and individual qualifications and performance.

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") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rule") as its own code of conduct regarding directors' securities transactions. Having made specific enquiries of all directors of the company, and to the best knowledge of the directors of the Company, the Company confirmed that all directors of the company had complied with the required standard set out in the Model Code throughout the financial year under review.

AUDIT COMMITTEE

The Company has an audit committee (the “Audit Committee”), which was established in accordance with the requirements of the Listing Rules, for the purposes of reviewing and providing supervision over the Group’s financial reporting processes and internal controls. On 12 February 2009, Mr. James Yin and Mr. Jee Wengue resigned as independent non-executive directors, who also ceased to act as members of the Audit Committee, and Mr. Ng Yat Cheung, Mr. Lee Chun Ho and Ms. Lam Ka Jen, Katherine, being independent non-executive directors, were appointed as members of the Audit Committee. The existing Audit Committee, comprising four independent non-executive directors, namely Mr. Yan Feng Xian, Mr. Ng Yat Cheung, Mr. Lee Chun Ho and Ms. Lam Ka Jen, Katherine, has reviewed with the management and the auditors the audited consolidated financial statements for the year ended 31 December 2008.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the financial year ended 31 December 2008.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices (the “Code”) set out in Appendix 14 to the Listing Rules during the year ended 31 December 2008 except for the following deviations:

Code Provision A.4.1

Under the code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. During the financial year ended 31 December 2008, Mr. James Yin and Mr. Jee Wengue (both of them were independent non-executive directors of the Company and subsequently resigned on 12 February 2009) and Mr. Yan Feng Xian, an existing independent non-executive director of the Company, were not appointed for a specific term. However, all directors (including executive directors and non-executive directors) of the Company are subject to retirement by rotation at annual general meetings in accordance with bye-law 99 of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance is no less than those in the Code.

Details of the Company’s compliance with the provisions of the Code during the year will be set out in the Corporate Governance Report in the Company’s 2008 annual report.

PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.cnagri-products.com). The 2008 annual report containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

By Order of the Board
China Agri-Products Exchange Limited
中國農產品交易有限公司*
Chan Chun Hong, Thomas
Chairman

Hong Kong, 27 April 2009

As at the date of this announcement, the executive directors of the Company are Mr. Chan Chun Hong, Thomas, Mr. Zhu Zhou, Mr. Yang Zong Lin, Mr. Yang Wei Yuan, Mr. Ying Yat Man and Mr. Leong Weng Kin and the independent non-executive directors of the Company are Mr. Yan Feng Xian, Mr. Ng Yat Cheung, Mr. Lee Chun Ho and Ms. Lam Ka Jen, Katherine.

* For identification purpose only