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 2009

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 2009, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Notes	**2009** *HK$'000*	2008 *HK$'000*
Continuing operation			
Turnover	4	**104,117**	168,050
Cost of operation		**(31,630)**	(33,313)
Gross profit		**72,487**	134,737
Other revenue		**13,927**	6,256
Other net income		**4**	17,904
General and administrative expenses		**(84,354)**	(83,472)
Other operating expenses		**(326,183)**	(918,752)
Loss from operations		**(324,119)**	(843,327)
Finance costs	5(a)	**(66,016)**	(56,610)
Loss before taxation	5	**(390,135)**	(899,937)
Income tax	6	**76,610**	216,604
Loss for the year from continuing operations		**(313,525)**	(683,333)
Discontinued operations			
Profit for the year from discontinued operations	7	**—**	5,000
Loss for the year		**(313,525)**	(678,333)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*
For the year ended 31 December 2009

	Notes	**2009** **HK$'000**	2008 *HK$'000*
Other comprehensive income			
Exchange differences on translating foreign operations		**1,078**	48,147
Total comprehensive loss for the year		**(312,447)**	(630,186)
Loss attributable to:			
Owners of the Company		**(296,330)**	(613,387)
Minority interest		**(17,195)**	(64,946)
		(313,525)	(678,333)
Total comprehensive loss attributable to:			
Owners of the Company		**(295,460)**	(574,105)
Minority interest		**(16,987)**	(56,081)
		(312,447)	(630,186)
Distribution of contributed surplus to owners of the Company	8	**—**	15,313
Loss per share			
From continuing and discontinued operations			
- Basic	9(a)	**HK$(0.13)**	HK$(0.80)
- Diluted	9(b)	**HK$(0.13)**	HK$(0.81)
From continuing operations			
- Basic	9(a)	**HK$(0.13)**	HK$(0.81)
- Diluted	9(b)	**HK$(0.13)**	HK$(0.82)
From discontinued operations			
- Basic	9(a)	**—**	HK$0.01
- Diluted	9(b)	**—**	HK$0.01

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	**2009** *HK$'000*	2008 *HK$'000*
Non-current assets			
Property, plant and equipment		**29,535**	15,398
Investment properties		**1,439,562**	713,450
Intangible assets		**182,372**	484,036
Held-to-maturity financial assets		**6,048**	—
Goodwill		**11,625**	—
		1,669,142	1,212,884
Current assets			
Inventories		**1,137**	807
Trade and other receivables	10	**17,346**	6,355
Financial assets at fair value through profit or loss		**17,001**	—
Cash and cash equivalents		**155,701**	239,185
		191,185	246,347
Current liabilities			
Trade and other payables	11	**272,872**	247,220
Bank and other borrowings		**341,807**	239,455
Government grants		**4,324**	1,369
Income tax payable		**73,780**	68,829
		692,783	556,873
Net current liabilities		**(501,598)**	(310,526)
Total assets less current liabilities		**1,167,544**	902,358

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
As at 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current liabilities			
Bank and other borrowings		**244,835**	17,039
Promissory notes		**312,242**	294,967
Deferred tax liabilities		**132,044**	126,864
		689,121	438,870
Net assets		**478,423**	463,488
Capital and reserves			
Share capital		**29,187**	119,443
Reserves		**260,718**	273,522
Total equity attributable to owners of the Company		**289,905**	392,965
Minority interests		**188,518**	70,523
Total equity		**478,423**	463,488

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 Company is an investment holding company. Its subsidiaries are principally engaged in the business of property rental and restaurant operation.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(a) 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 consolidated loss attributable to owners of the Company of HK$296,330,000 for the year ended 31 December 2009;
- the Group had consolidated net current liabilities of approximately HK$501,598,000 as at 31 December 2009; and
- the Group had outstanding bank and other borrowings of approximately HK$586,642,000, out of which an aggregate of approximately HK$341,807,000 is due for repayment within the next twelve months after 31 December 2009.

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 2009, the Group announced to raise an aggregate of approximately HK$111,300,000 from placing of the Company's shares. The placing was approved in a special general meeting held on 29 March 2010.

(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.

(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 the 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 future 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.

(b) **Basis of measurement**

The consolidated financial statements have been prepared under the historical cost basis except for the investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out in the Company's annual report for the year ended 31 December 2009.

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

In the current year, the Group has applied all of the new and revised standards, amendments and interpretations (the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 20 (Amendment)	Accounting for Government Grants and Disclosure of Government Assistance
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 38 (Amendment)	Intangible Assets
HKAS 40 (Amendment)	Investment Properties
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Int 18	Transfer of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRS issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRS issued in 2009 in relation to the amendments to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that may result in a redesignation of the Group's reportable segments.

Improving Disclosures about Financial Instruments
(Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements and liquidity risk. The Group has not presented comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

New and revised HKFRSs affecting the financial performance and/or financial position

Amendments to HKAS 40 Investment Property

As part of Improvements to HKFRSs (2008), HKAS 40 has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value model is used and the fair values of the properties are reliably determinable). In the past, the leasehold land and building elements of investment properties under construction were accounted for separately. The leasehold land element was accounted for as an operating lease and the building element as carried at cost less accumulated impairment losses (if any). The Group has used the fair value model to account for its investment properties.

The Group has applied the amendment to HKAS 40 prospectively from 1 January 2009 in accordance with the relevant transitional provision. As a result of the application of the amendment, the Group's investment properties under construction that include in the property, plant and equipment have been classified as investment properties and measured at fair value as at 31 December 2009. As at 31 December 2009, the impact has been to decrease property, plant and equipment by HK$818,000 and to increase investment properties by HK$818,000.

Standards and interpretations in issue but not yet effective

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)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 28 (Amendment)	Investments in Associates[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments (relating to the classification and measurement of financial assets)[7]
HK(IFRIC) - Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) - Int 17	Distribution of Non-cash Assets to Equity holders[1]
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 Effective for annual periods beginning on or after 1 July 2009

2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate

3 Effective for annual periods beginning on or after 1 January 2010

4 Effective for annual periods beginning on or after 1 February 2010

5 Effective for annual periods beginning on or after 1 July 2010

6 Effective for annual periods beginning on or after 1 January 2011

7 Effective for annual periods beginning on or after 1 January 2013

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

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

4. **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:

	2009	2008
	HK$'000	*HK$'000*
Continuing operations:		
Gross rental income	**51,139**	47,060
Revenue from property ancillary services	**4,416**	52,507
Commission income from agricultural exchange market	**19,811**	42,730
Sales of food and beverages	**28,751**	25,753
	104,117	168,050
Discontinued operations:	**—**	—
	104,117	168,050

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purposes of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach. In the past, the Group's primary reporting segment was business segment. The adoption of HKFRS 8 did not result in redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

The Group has two reportable segments, (i) property rental and (ii) restaurant operation. The segmentations are based on the information about the operation of the Group that management uses to make decisions.

4. **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			
	2009 *HK$'000*	**2008** *HK$'000*	**2009** *HK$'000*	**2008** *HK$'000*	**2009** *HK$'000*	**2008** *HK$'000*	**2009** *HK$'000*	**2008** *HK$'000*
Revenue								
External sales	75,366	142,297	28,751	25,753	—	—	104,117	168,050
Result								
Segment result	(268,397)	(841,398)	(1,715)	(7,771)	—	—	(270,112)	(849,169)
Unallocated corporate expenses							(43,762)	(4,103)
Impairment of goodwill	(10,245)	—	—	—	—	—	(10,245)	—
Fair value change on derivative embedded in convertible notes							—	9,945
Loss from operations							(324,119)	(843,327)
Finance costs							(66,016)	(56,610)
Gain on disposal of subsidiaries	—	—	—	—	—	5,000	—	5,000
Loss before taxation							(390,135)	(894,937)
Income tax							76,610	216,604
Loss for the year							(313,525)	(678,333)

Revenue reported above represent revenue generated from external customers. There were no inter-segment sales in the year (2008: Nil).

	Continuing operations				Discontinued operations		Consolidated	
	Property rental		Restaurant operation		Property investment			
	2009 *HK$'000*	**2008** *HK$'000*	**2009** *HK$'000*	**2008** *HK$'000*	**2009** *HK$'000*	**2008** *HK$'000*	**2009** *HK$'000*	**2008** *HK$'000*
ASSETS								
Segment assets	1,722,107	1,225,051	9,966	7,598	—	—	1,732,073	1,232,649
Unallocated corporate assets							128,254	226,582
Consolidated total assets							1,860,327	1,459,231
LIABILITIES								
Segment liabilities	218,959	213,943	5,184	5,302	—	—	224,143	219,245
Unallocated corporate liabilities							1,157,761	776,498
Consolidated total liabilities							1,381,904	995,743

4. **TURNOVER** *(continued)*

Other segment information

The following is an analysis of the Group's other segment information:

	Continuing operations				Discounted operations					
	Property renal		Restaurant operation		Property investment		Unallocated		Consolidated	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital expenditure										
- acquisition of a subsidiary	667,850	—	—	—	—	—	—	—	667,850	—
- others	90,869	46,032	818	1,340	—	—	—	2,174	91,687	49,546
Depreciation and amortisation	18,104	47,927	1,343	610	—	—	435	384	19,882	48,921
Impairment loss										
- intangible assets	288,308	872,385	—	—	—	—	—	—	288,308	872,385
- goodwill	10,245	—	—	—	—	—	—	—	10,245	—
- other receivables	5,674	—	—	—	—	—	—	—	5,674	—

Information about major customers

Included in revenues arising from property rental operations of HK$75,366,000 (2008: HK$142,297,000) are revenues of approximate HK$39,760,000 (2008: Nil) which arose from sales to the Group's largest customer.

Geographical information

As at the end of reporting period, over 90% of the identifiable assets and revenue of the Group were located and generated in the People's Republic of China (the "PRC"). Accordingly, no geographical segment analysis on the carrying amount of segment assets or additions to property, plant and equipment is presented.

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	2009	2008
	HK$'000	*HK$'000*
Continuing operations:		
Interest on bank advance and other borrowings wholly repayable within five years	**29,941**	20,452
Interest on convertible notes	**—**	675
Interest on promissory notes	**36,075**	34,192
Penalty interest on default of construction payables	**—**	1,291
	66,016	56,610
Discontinued operations:	**—**	—
	66,016	56,610

(b) Staff costs (including directors' emoluments)

	2009	2008
	HK$'000	*HK$'000*
Continuing operations:		
Contributions to defined contribution retirement plans	**137**	323
Salaries, wages and other benefits	**14,260**	19,569
	14,397	19,892
Discontinued operations:	**—**	—
	14,397	19,892

5. **LOSS BEFORE TAXATION** *(continued)*

(c) **Other items**

	2009	2008
	HK$'000	*HK$'000*
Continuing operations:		
Amortisation of intangible assets*	**13,621**	46,367
Depreciation	**5,779**	2,554
Impairment loss on goodwill*	**10,245**	—
Impairment loss on intangible assets*	**288,308**	872,385
Auditor's remuneration		
- audit services	**700**	800
- other services	**307**	130
Operating lease charges: minimum lease payments		
- property rental	**3,940**	3,535
Fair value loss on financial assets at fair value through profit or loss	**1,285**	—
Cost of inventories	**19,022**	16,613
Discontinued operations:	**—**	—

* *Included in "other operating expenses" as disclosed in the consolidated financial statements.*

6. **INCOME TAX**

(a) **Continuing operations**

Taxation in the consolidated income statement represents:

	2009	2008
	HK$'000	*HK$'000*
Current tax — PRC enterprise income tax		
Current tax	**2,375**	13,084
Deferred tax		
Origination and reversal of temporary differences	**(78,985)**	(229,688)
	(76,610)	(216,604)

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 2009 and 2008. 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% (2008: 25%).

6. **INCOME TAX** *(continued)*

(b) **Discontinued operations**

For the year ended 31 December 2008, no provision for Hong Kong Profit Tax has been made by the entities comprising the discontinued operations as these entities have no assessable profit during the period or have unrelieved tax losses brought forward which are not likely to be crystallised in the future.

7. DISCONTINUED OPERATIONS

In prior year, 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 for the year from the discontinued operations is analysed as follows:

	2009	2008
	HK$'000	*HK$'000*
Gain on disposal of Renowned Group	—	5,000

Note: There are no cash flows generated from/used in the activities of the discontinued operations for the period from 1 January 2008 to 18 November 2008.

8. DISTRIBUTION OF CONTRIBUTED SURPLUS TO OWNERS OF THE COMPANY

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2009.

During the year ended 31 December 2008, the directors resolved to declare and paid distribution of the contributed surplus of HK$0.02 per ordinary share to owners of the Company whose names appeared in the register of members on 8 October 2008.

9. **LOSS PER SHARE**

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

(a) **Basic loss per share**

For continuing and discontinued operations

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of HK$296,330,000 (2008: HK$613,387,000) and the weighted average number of 2,206,031,000 ordinary shares (2008: 762,216,000) in issue during the year.

9. **LOSS PER SHARE** *(continued)*

(a) **Basic loss per share** *(continued)*

For continuing operations

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of HK$296,330,000 (2008: HK$618,387,000) and the weighted average number of 2,206,031,000 ordinary shares (2008: 762,216,000 ordinary shares) in issue during the year.

For discontinued operations

The calculation of basic loss per share is based on the profit for the year attributable to owners of the Company of HK$ Nil (2008: a profit of HK$5,000,000) and the weighted average number of 2,206,031,000 ordinary shares (2008: 762,216,000 ordinary shares) in issue during the year.

(b) **Diluted loss per share**

For continuing and discontinued operations

The calculation of diluted loss per share is based on the loss attributable to owners of the Company of HK$296,330,000 (2008: HK$622,657,000) and the weighted average number of ordinary shares of 2,206,031,000 ordinary shares (2008: 765,659,000 ordinary shares), calculated as follows:

(i) *Loss attributable to owners of the Company (diluted)*

	2009	2008
	HK$'000	*HK$'000*
Loss attributable to owners of the Company	**(296,330)**	(613,387)
After tax effect of effective interest on liability component of convertible notes	**—**	675
After tax effect of gains recognised on the derivative component of convertible notes	**—**	(9,945)
Loss attributable to owners of the Company (diluted)	**(296,330)**	(622,657)

9. **LOSS PER SHARE** *(continued)*

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

(ii) *Weighted average number of ordinary shares (diluted)*

	2009	2008
	HK$'000	*HK$'000*
Weighted average number of ordinary shares at 31 December	**2,206,031**	762,216
Effect of conversion of convertible notes	**—**	3,443
Weighted average number of ordinary shares (diluted) at 31 December	**2,206,031**	765,659

Diluted loss per share for the year ended 31 December 2009 is the same as the basic loss per share as there were no dilutive event during the year.

For continuing operations

The calculation of diluted loss per share is based on the loss for the year attributable to owners of the Company of HK$296,330,000 (2008: HK$627,657,000) and the weighted average number of 2,206,031,000 ordinary shares (2008: 765,659,000 ordinary shares) in issue during the year.

For discontinued operations

The calculation of diluted loss per share is based on the profit attributable to owners of the Company of HK$Nil (2008: a profit of HK$5,000,000) and the weighted average number of ordinary shares of 2,206,031,000 ordinary shares (2008: 765,659,000 ordinary shares).

10. 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 as at 31 December 2009 are trade debtors of HK$955,000 (2008: HK$1,598,000) and their ageing analysis is as follows:

	2009	2008
	HK$'000	*HK$'000*
Less than 90 days	**847**	689
More than 90 days but less than 180 days	**57**	108
More than 180 days	**51**	801
	955	1,598

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payable of HK$1,313,000 (2008: HK$1,340,000), and their ageing analysis is as follows:

	2009	2008
	HK$'000	*HK$'000*
Within 90 days	**1,313**	1,317
After 90 days but within 180 days	**—**	23
	1,313	1,340

EXTRACT OF THE AUDITORS' REPORT

The following is an extract of the independent auditors' report on the Group's annual audited financial statements for the year ended 31 December 2009:

"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 2009 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.

Material uncertainty concerning going concern basis of accounting

Without qualifying our opinion, we draw attention to note 2(b) to the consolidated financial statements which indicates that the Group incurred a net consolidated loss attributable to owners of the Company of approximately HK$296,330,000 for the year ended 31 December 2009 and, as of that date, the Group's consolidated current liabilities exceeded its consolidated current assets by approximately HK$501,598,000. 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 the existing operations in order for the Group to meet its financial obligations 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(b), 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 2009, the Group recorded a turnover of approximately HK$104.1 million, a decrease of approximately HK$64.0 million or approximately 38.0% decrease from approximately HK$168.1 million for the previous financial year.

The decrease is mainly attributable to the drop in turnover of the Group's agricultural produce exchange business in Baisazhou, Wuhan, the PRC as a result of a rental subcontract agreement.

The gross profit of the Group is decreased by approximately 46.2% to approximately HK$72.5 million from approximately HK$134.7 million for the previous financial year. The gross profit margin of the Group for the financial year was approximately 69.6% as compared to approximately 80.1% for the previous financial year.

Administrative expenses and finance cost

Administrative expenses were approximately HK$84.4 million (2008: approximately HK$83.5 million). Other operating expenses amounted to approximately HK$326.2 million which mainly represented the impairment of intangible assets due to the rental subcontract agreement and preference of customers. Finance costs were approximately HK$66.0 million (2008: approximately HK$56.6 million) and the increase was mainly due to the inclusion of borrowings of Shiney Day Investments Limited ("Shiney Day") which was acquired by the Group on 25 March 2009.

Loss attributable to equity shareholders

The loss attributable to equity shareholders of the Company for the year was approximately HK$296.3 million as compared to a loss of approximately HK$613.4 million for previous year. The drop in net loss was mainly due to the lower amount of impairment of intangible assets arising from the Group's acquisition of Wuhan Baisazhou Agricultural By-products Grand Market Company Limited ("Baisazhou").

DIVIDENDS AND OTHER DISTRIBUTION

No interim dividend was paid to the shareholders of the Company during the year under review (2008: a distribution out of contributed surplus of HK$0.02 per ordinary share was paid in October 2008). The directors of the Company do not recommend any payment of final dividend for the year ended 31 December 2009 (2008: Nil).

REVIEW OF OPERATIONS

During the year under review, the Group was principally engaged in the business of agricultural produce exchanges and restaurant operation, both in the PRC.

Agricultural produce exchanges

The Group entered into an agreement to acquire the entire issued capital of Shiney Day 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 to shareholders dated 6 March 2009.

The agricultural produce exchange in Xuzhou, Jiangsu Province comprises single-storey market stalls and a multi-storey godown and is the major marketplace for the supply of fruit and seafood in Xuzhou city. This marketplace offers a centralised trading place for a wide range of agricultural produce. The Group began to record results contribution from this acquisition since it was completed in March of the year under review.

Another agricultural produce exchange in Yulin, Guangxi Province, the PRC has various two-storey market stalls at the leasing stage and a multi-storey godown at its final stage of construction. It commenced its operation in October last year and contributed turnover to the Group.

The Group also 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 marketplace provides its customers with a systematic logistics flow in order to maximise the customers' throughput.

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 2009.

Restaurant Operation

The total turnover of the Group's two restaurants located in Shenzhen and Beijing was approximately HK$28.7 million (2008: approximately HK$25.8 million).

FUND RAISING ACTIVITIES

Top-up placing and placing of new shares under general mandate

The Company placed a total of 153 million shares, on a best efforts basis, to the independent third parties at a price of HK$0.25 per share under the general mandate granted to the directors by the shareholders at the annual general meeting of the Company held on 23 May 2008, completion of which took place on 25 February 2009. Aggregate net proceeds of approximately HK$37.0 million were raised for general working capital purpose which have been fully utilised.

Placing of new shares under a specific mandate

On 7 May 2009, the Company entered into a placing agreement to place up to a total of 2 billion shares through a placing agent, on a best efforts basis, to independent third parties at a price of HK$0.08 per share under a specific mandate granted to the directors by the shareholders at the special general meeting of the Company held on 2 June 2009. Completion took place on 19 June 2009 and net proceeds of approximately HK$155.2 million were raised for meeting the working capital requirements of the agricultural produce exchanges operation and the Group's other general working capital requirement.

The directors continue to explore any opportunity with potential investors to raise further fund in order to further strengthen its shareholder base and enhance the business development of the Group. On 3 February 2010, the Company entered into a placing agreement with a placing agent, under which the Company has conditionally agreed to place up to 2.3 billion shares of the Company to independent third parties, through a placing agent on a best efforts basis, at a price of HK$0.05 per share under a specific mandate which the directors then sought and obtained from shareholders at a special general meeting held on 29 March 2010. Completion of such placing is conditional upon granting or agreeing to grant the listing of, and permission to deal in, the new shares by the Stock Exchange and it is estimated that net proceeds of up to approximately HK$111.3 million will be raised from the placing of up to 2.3 billion shares.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2009, the Group had total cash and cash equivalents amounting to approximately HK$155.7 million (2008: approximately HK$239.2 million) whilst total assets and net assets were approximately HK$1,860.3 million (2008: approximately HK$1,459.2 million) and approximately HK$478.4 million (2008: approximately HK$463.5 million), respectively. The Group's gearing ratio as at 31 December 2009 was approximately 1.55 (2008: approximately 0.67), being the ratio of total bank and other borrowings and promissory notes of approximately HK$898.9 million (2008: approximately HK$551.5 million), net of cash and cash equivalents of approximately HK$155.7 million (2008: approximately HK$239.2 million) to shareholders' funds of approximately HK$478.4 million (2008: approximately HK$463.5 million).

As at 31 December 2009, outstanding capital commitments, contracted but not provided for, amounted to approximately HK$3.7 million (2008: approximately HK$60.8 million) in relation to the purchase of property, plant and equipment, and construction contracts. As at 31 December 2009, the Group had pledged the land use rights and bank deposits with carrying amount of approximately HK$411.3 million (2008: approximately HK$255.1 million) in respect of its investment properties to secure the bank borrowings. The Group did not have any outstanding foreign exchange contracts, interest or currency swaps or other financial derivatives as at 31 December 2009.

PROSPECTS

The No.1 document which was announced by the Central Committee of Communist Party of China at the beginning of 2010 states that there will be a batch of new policies to support agricultural development. This continued support for the agricultural sector from the PRC government shows that nurturing the development of agriculture, increasing peasants' income and stabilising rural living standards have been adopted as some of the major tasks of the PRC government. Different favorable measures have been put in place and include 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 meet the needs of the country's 1.3 billion population.

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

Completion of the acquisition of two more agricultural produce exchanges in Guangxi Province and Jiangsu Province, the PRC, in March 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 passthrough or stopover for all participants in the trade and relatively close to other major retail market places.

The Group will continue to focus on intensifying its investment in agricultural produce wholesale markets in the PRC to further entrench its commitment in supporting the State's "Vegetable Basket Project". In addition, the Group endeavors to build and expand its network of wholesale market platform by establishing partnership in the PRC and exploring business development in the management of agricultural produce wholesale markets in different cities and provinces in the PRC, so as to deliver long term benefits to the shareholders of the Company.

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2009, the Group had 460 (2008: 506) employees, approximately 96% 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the financial year ended 31 December 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the year ended 31 December 2009, except for the following deviations:

Code Provision A.4.1

Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. During the year ended 31 December 2009, Mr. James Yin and Mr. Jee Wengue, who resigned as independent non-executive directors on 12 February 2009, as well as Mr. Yan Feng Xian, who retired as an independent non-executive director at the conclusion of the annual general meeting of the Company held on 8 June 2009, were not appointed for a specific term but all of them were subject to retirement by rotation at annual general meetings pursuant to the bye-laws of the Company. Currently, all non-executive directors are appointed with specific term and all directors (including both executive and non-executive) 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 standard of corporate governance in this regard is no less than that provided under code provision A.4.1 of the CG Code.

Code Provision C.2.1

Pursuant to code provision C.2.1 of the CG Code, the Board has reviewed the effectiveness of the Group's internal control system and appointed professional advisers, HLB Hodgson Impey Cheng Consultants Limited ("HLB Consultants"), to assess and identify any significant weaknesses in the relevant financial procedures, systems and controls of the Group and to make recommendations to management for the enhancement of the internal control of the Group. The report on internal control review prepared by HLB Consultants, which was completed after the end of the period under review has been reviewed and discussed in detail by the Board and no material internal control weakness was identified from the review.

Further details of the Company's corporate governance practices are set out in the corporate governance report to be contained in the Company's 2009 annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its code of conduct regarding the securities transactions by the directors of the Company on the terms no less exacting than the required standard set forth in the Model Code for the Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all directors, the Company confirmed that all directors 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 and 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 audit committee members of the Company. Mr. Yan Feng Xian retired as an independent non-executive director at the conclusion of the annual general meeting of the Company held on 8 June 2009 and also ceased to act as a member of the Audit Committee. The existing Audit Committee comprises all the three independent non-executive directors, namely Mr. Ng Yat Cheung, Mr. Lee Chun Ho and Ms. Lam Ka Jen, Katherine, and is chaired by Ms. Lam Ka Jen, Katherine. The Audit Committee has reviewed with the management and the auditors the audited consolidated financial statements of the Company for the year ended 31 December 2009.

ANNUAL GENERAL MEETING

The 2010 annual general meeting of the shareholders of the Company will be held at Harbour Room I, Mezzanine Floor, Kowloon Shangri-La Hong Kong, 64 Mody Road, Kowloon, Hong Kong on Tuesday, 8 June 2010 at 10:00 a.m. and the notice convening such meeting will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

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 2009 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, 16 April 2010

As at the date of this announcement, the executive directors of the Company are Mr. Chan Chun Hong, Thomas, Mr. Ying Yat Man and Mr. Leong Weng Kin and the independent non-executive directors of the Company are Mr. Ng Yat Cheung, Mr. Lee Chun Ho and Ms. Lam Ka Jen, Katherine.