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 2012 AND CHANGE OF CHIEF EXECUTIVE OFFICER

The board of directors (the "**Board**" or "**Directors**") of China Agri-Products Exchange Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to the "**Group**") for the year ended 31 December 2012, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

	Notes	**2012** *HK$'000*	2011 *HK$'000*
Continuing operations			
Turnover	*4*	**287,482**	211,845
Cost of operation		**(126,900)**	(118,462)
Gross profit		**160,582**	93,383
Other revenue and other net income		**5,328**	31,518
Net gain in fair value of investment properties		**538,287**	553,440
General and administrative expenses		**(236,234)**	(259,276)
Selling expenses		**(12,654)**	(53,556)
Profit from operations		**455,309**	365,509
Finance costs	*5(a)*	**(103,337)**	(89,906)
Profit before taxation	*5*	**351,972**	275,603
Income tax	*6*	**(135,488)**	(64,865)
Profit for the year from continuing operations		**216,484**	210,738

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*
For the year ended 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Discontinued operation			
Profit for the year from discontinued operation		—	4,699
Profit for the year		**216,484**	215,437
Other comprehensive income, net of income tax			
Exchange differences on translating foreign operations		**18,684**	50,803
Total comprehensive income for the year		**235,168**	266,240
Profit attributable to:			
Owners of the Company		**145,678**	117,717
Non-controlling interests		**70,806**	97,720
		216,484	215,437
Total comprehensive income attributable to:			
Owners of the Company		**161,923**	157,807
Non-controlling interests		**73,245**	108,433
		235,168	266,240
Earnings per share			
From continuing and discontinued operations			
— Basic	*8(a)*	**HK$0.06**	HK$0.14
— Diluted	*8(b)*	**HK$0.06**	HK$0.14
From continuing operations			
— Basic	*8(a)*	**HK$0.06**	HK$0.13
— Diluted	*8(b)*	**HK$0.06**	HK$0.13

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**30,575**	30,444
Investment properties		**3,408,915**	2,009,755
Goodwill		**6,444**	6,444
		3,445,934	2,046,643
Current assets			
Stock of properties		**168,149**	245,730
Trade and other receivables	9	**313,930**	97,730
Financial assets at fair value through profit or loss		**5,410**	4,646
Tax receivable		**4,521**	—
Cash and cash equivalents		**393,954**	533,194
		885,964	881,300
Current liabilities			
Deposits and other payables		**947,899**	409,832
Deposit receipts in advance		**135,054**	130,244
Bank and other borrowings		**275,452**	583,179
Government grants		**2,860**	2,838
Promissory notes		**376,000**	353,387
Income tax payable		**7,581**	1,728
		1,744,846	1,481,208
Net current liabilities		**(858,882)**	(599,908)
Total assets less current liabilities		**2,587,052**	1,446,735
Non-current liabilities			
Bank and other borrowings		**969,358**	185,717
Deferred tax liabilities		**350,188**	225,667
		1,319,546	411,384
Net assets		**1,267,506**	1,035,351
Capital and reserves			
Share capital		**24,610**	24,610
Reserves		**893,070**	731,147
Total equity attributable to owners of the Company		**917,680**	755,757
Non-controlling interests		**349,826**	279,594
Total equity		**1,267,506**	1,035,351

NOTES TO THE 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 property sale in respect of agricultural produce exchange in the People's Republic of China ("**PRC**").

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

(b) Going concern basis

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

— the Group had consolidated net current liabilities of approximately HK$858,882,000 as at 31 December 2012;

— the Group had outstanding bank and other borrowings of approximately HK$1,244,810,000 out of which an aggregate of approximately HK$275,452,000 is due for repayment within the next twelve months after 31 December 2012; and

— the Group had promissory notes of approximately HK$376,000,000 and interest payable of approximately HK$94,000,000 included under deposits and other payables are outstanding as at 31 December 2012.

The Directors adopted the going concern basis in the preparation of the consolidated 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*

Subsequent to 31 December 2012, the Group entered a loan agreement dated 4 February 2013 with Peony Finance Limited ("**Peony Finance**"), an indirect wholly-owned subsidiary of PNG Resources Holdings Limited, pursuant to which Peony Finance granted a revolving credit facility in the maximum aggregate amount of HK$60,000,000 to the Company.

On 6 March 2013, the Group entered into a loan agreement with Peony Finance for the provision of a revolving credit facility in the maximum aggregate amount of HK$140,000,000 granted by Peony Finance.

(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 is in the process of negotiating with its bankers to secure necessary facilities to meet the Group's working capital and financial requirements in the near future.

(iv) *Writ issued by the Company against Ms. Wang and Tian Jiu*

On 21 September 2012, the High Court of Hong Kong Special Administrative Region Court of First Instance (the "**Court**") granted an injunction order ("**Injunction Order**") until further order of the Court and/or hearing of the Company's inter parties summons on 5 October 2012. The Injunction Order restrained Ms. Wang Xiu Qun ("**Ms. Wang**") and Wuhan Tian Jiu Industrial and Commercial Development Co., Ltd. ("**Tian Jiu**") from indorsing, assigning, transferring or negotiating the two instruments (purportedly described as promissory notes in the sale and purchase agreement between the Company and each of Ms. Wang and Tian Jiu respectively) (the two instruments collectively as ''**Instruments**'') to any third party.

On 5 October 2012, the Company obtained a court order from the Court to the effect that undertakings were given by Ms. Wang and Tian Jiu (the "**Undertakings**") not to indorse, assign, transfer or negotiate the Instruments, and enforce payment by presentation of the Instruments to the Company, in each case until final determination of the court action commenced by the Company against Ms. Wang and Tian Jiu in October 2011. The Court further ordered that there will be a continuation of the Injunction Order until further order.

In March 2013, the Company, Ms. Wang and Tian Jiu applied jointly to the Court to discharge the Injunction Order without prejudice to the continuing effect of the Undertakings. Such application was granted by the Court. According to the legal advisers of the Company, the Undertakings and the Injunction Order have the same legal effect.

Under the Undertakings, currently obtained by the Company the Instruments will no longer fall due for payment by the Company on 5 December 2012.

In the opinion of the Directors, in light of the various measures or arrangements implemented after the end of reporting period 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 consolidated financial statements.

(c) 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 detail in the Company's 2012 annual report.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Company has applied, for the first time, the following new standard, amendments and interpretations ("**new HKFRSs**") issued by the HKICPA, which are effective for the Company's financial year beginning 1 January 2012. A summary of the new HKFRSs are set out as below:

HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets
HKFRS 1 (Amendments)	First time adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosure — Transfer of Financial Assets

The adoption of these new and revised HKFRSs had no significant financial effect on these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKFRS 7	Disclosure — Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendment to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements Disclosure of Interests in Other Entities: Transition Guidance[2]
Amendment to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[3]
HKAS 19 (as revised in 2011)	Employee Benefit[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011[2]
HK(IFRIC)-Int 20	Stripping Costs in Production Phase of Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2012.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2014.
4 Effective for annual periods beginning on or after 1 January 2015.

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The Directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 and that the application of new standard may have a significant impact on amounts reported in respect of Group's financial assets. However, it is not practical to provide a reasonable estimate of that effect until a detailed review has been completed.

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC)-Int 12 Consolidation — Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK (SIC)-Int 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

The Directors do not anticipate that the amendments will have any significant effect on the Group's consolidated financial statements.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors do not anticipate that the amendments will have any significant effect on the Group's consolidated financial statements.

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The Directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the “corridor approach” permitted under the previous version of HKAS 19. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The Directors anticipate that the amendments to HKAS 19 will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to HKAS 19 may have impact on amounts reported in respect of the Group’s defined benefit plans. However, the Directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

The Annual Improvements to HKFRSs 2009-2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include:

The amendments to HKAS 1 require an entity that changes accounting policies retrospectively, or make a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The Directors do not anticipate that the amendments to HKAS 16 will have a significant effect on the Group’s consolidated financial statements.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The Directors anticipate that the amendments to HKAS 32 will have no effect on the Group’s consolidated financial statements as the Group has already adopted this treatment.

4. TURNOVER

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

	2012	2011
	HK\$'000	*HK\$'000*
Continuing operations:		
Gross rental income	**95,723**	78,454
Revenue from property ancillary services	**34,607**	26,807
Commission income from agricultural exchange market	**59,260**	36,362
Revenue from property sales	**97,892**	70,222
	287,482	211,845
Discontinued operation:		
Sales of food and beverages	**—**	32,315
	287,482	244,160

The Group has two reportable segments under HKFRS 8, (i) property rental and (ii) property sales. The segmentations are based on the information about the operation of the Group that management uses to make decisions and regularly review by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

Segment revenue and results

The following is an analysis of the Group's revenues and results by reportable segment for the current and prior years:

	Continuing operations				**Discontinued operation**			
	Property rental		**Property sale**		**Restaurant operation**		**Consolidated**	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK\$'000	*HK\$'000*	***HK\$'000***	*HK\$'000*	***HK\$'000***	*HK\$'000*	***HK\$'000***	*HK\$'000*
Turnover								
External sales	**189,590**	141,623	**97,892**	70,222	**—**	32,315	**287,482**	244,160
Result								
Segment result	**531,946**	435,564	**7,548**	(10,372)	**—**	(1,240)	**539,494**	423,952
Unallocated corporate expenses							**(84,185)**	(60,228)
Gain on disposal of subsidiaries							**—**	6,484
Profit from operations							**455,309**	370,208
Finance costs							**(103,337)**	(89,906)
Profit before taxation							**351,972**	280,302
Income tax							**(135,488)**	(64,865)
Profit for the year							**216,484**	215,437

The accounting policies of the reportable segments are the same as the Group's accounting policies described in the Company's 2012 annual report, business segment represents the profit/(loss) from each segment without allocation of central administrative costs and directors' salaries, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2011: Nil).

Segment assets and liabilities

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

	Continuing operations				Discontinued operation			
	Property rental		Property sale		Restaurant operation		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets								
Segment assets	**3,940,816**	2,222,943	**178,122**	245,730	**—**	—	**4,118,938**	2,468,673
Unallocated corporate assets							**212,960**	459,270
							4,331,898	2,927,943
Liabilities								
Segment liabilities	**1,602,100**	945,402	**85,453**	89,394	**—**	—	**1,687,553**	1,034,796
Unallocated corporate liabilities							**1,376,839**	857,796
							3,064,392	1,892,592

For the purposes of monitoring segment performance and allocating resources between segments:

— all assets are allocated to reportable segments other than corporate assets. Goodwill is allocated to reportable segments.

— all liabilities are allocated to reportable segments other than corporate liabilities and deferred tax liabilities.

Other segment information

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

	Continuing operations				Discontinued operation					
	Property rental		Property sale		Restaurant operation		Unallocated		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Capital expenditure										
— others	**834,902**	164,554	**—**	—	**—**	5,327	**451**	—	**835,353**	169,881
Depreciation and amortisation	**4,664**	5,205	**—**	—	**—**	821	**442**	162	**5,106**	6,188

Information about major customers

For the years ended 2012 and 2011, no other single customers contributed 10% or more to the Group's revenue.

Geographical information

As at the end of reporting period, over 90% of revenue of the Group were generated from external customers located in the PRC and over 90% of non-current assets of the Group were located in the PRC. Accordingly, no geographical segment analysis on the carrying amount of segment assets or additions to property, plant and equipment is presented.

Revenue from major products and services

The Group's revenue from continuing operations from its major products and services were stated in Note 4 as above.

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging:

(a) Finance costs

	2012	2011
	HK$'000	*HK$'000*
Continuing operations:		
Interest on bank advances and other borrowings wholly repayable within five years	**63,315**	49,348
Interest on promissory notes	**40,022**	40,558
	103,337	89,906
Discontinued operation:	**—**	—
	103,337	89,906

(b) Staff costs (including directors' emoluments)

	2012	2011
	HK$'000	*HK$'000*
Continuing operations:		
Contributions to defined contribution retirement plans	**515**	389
Salaries, wages and other benefits	**71,660**	55,477
	72,175	55,866
Discontinued operation:		
Salaries, wages and other benefits	**—**	4,795
	72,175	60,661

(c) Other items

	2012	2011
	HK$'000	*HK$'000*
Continuing operations:		
Depreciation	**5,106**	5,367
Loss on disposal on property, plant and equipment	**220**	360
Auditor's remuneration		
— audit services	**950**	900
— other services	**250**	250
Operating lease charges: minimum lease payments		
— property rental	**2,826**	1,275
Unrealised loss on financial assets through profit or loss	**335**	4,800
Realised loss on financial assets at fair value through profit or loss	**893**	340
Cost of stock of properties	**78,620**	57,886
Discontinued operation:		
Depreciation	**—**	821
Operating lease charges: minimum lease payments		
— property rental	**—**	3,773
Cost of inventories	**—**	20,753

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Continuing operations

Taxation in the consolidated statement of comprehensive income represents:

	2012	2011
	HK$'000	*HK$'000*
Current tax		
— PRC enterprise income tax	**14,059**	9,037
Over provision in prior year		
— PRC enterprise income tax	**—**	(72,770)
Deferred tax		
Origination and reversal of temporary difference	**121,429**	128,598
	135,488	64,865

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 2012 and 2011. 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% (2011: 25%).

7. DISTRIBUTION OF CONTRIBUTED SURPLUS TO OWNERS OF THE COMPANY

The Directors do not recommend the payment of any dividend in respect of the years ended 31 December 2012 and 2011 respectively.

8. EARNINGS PER SHARE

(a) Basic earnings per share

For continuing and discontinued operations

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately HK$145,678,000 (2011: approximately HK$117,717,000) and the weighted average number of 2,460,984,135 ordinary shares (2011: 840,390,812).

For continuing operations

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately HK$145,678,000 (2011: approximately HK$113,018,000) and the weighted average number of 2,460,984,135 ordinary shares (2011: 840,390,812).

For discontinued operation

For the year ended 2011, the calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately HK$4,699,000 and the weighted average number of 840,390,812 ordinary shares in issue during the year after adjusting the effects of share consolidation and right issue.

(b) Diluted earnings per share

Diluted earnings per share for the years ended 31 December 2012 and 2011 were the same as basic earnings per share as there was no diluted event during the years.

9. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors with the following ageing analysis as of the end of reporting period:

	2012	2011
	HK$'000	*HK$'000*
Less than 90 days	**485**	311
More than 90 days but less than 180 days	**18**	81
More than 180 days	**18**	25
	521	417

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 2012:

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 2012 and of the Group's profit 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's consolidated current liabilities exceeded its consolidated current assets by approximately HK$858,882,000. 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."

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF FINANCIAL RESULTS

Turnover and gross profit

For the year ended 31 December 2012, the Group recorded a turnover of approximately HK$287.5 million, a substantial increase of approximately HK$75.7 million or approximately 35.7% increase from approximately HK$211.8 million for the previous financial year. The increase was mainly attributed to the increase in turnover of agricultural produce exchange projects and sale of certain properties of Yulin Hongjin Agricultural and By-Product Exchange Market ("**Yulin Market**").

The gross profit of the Group was increased by approximately 72.0% to approximately HK$160.6 million from approximately HK$93.4 million for the previous financial year. The gross profit margin of the Group for the financial year was approximately 55.9% as compared to approximately 44.1% for the previous financial year.

Net gain in fair value of investment properties

The rise of net gain in fair value of investment of approximately HK$538.3 million (2011: approximately HK$ 553.4 million) was mainly due to the increase in market value of property price in the PRC and rental income of our projects.

Administrative expenses, selling expenses and finance cost

General and administrative expenses were approximately HK$236.2 million (2011: approximately HK$259.3 million). The slight decrease was mainly due to tight control of operating expenses of different markets and conscious control of business development cost in various projects. Selling expenses were approximately HK$12.7 million (2011: approximately HK$53.6 million) which were significantly less than the year before due to the Group's promotion expenses at the agricultural produce exchange in Wuhan Baisazhou incurred in mid 2011 but did not recur in the year of 2012. Finance costs were approximately HK$103.3 million (2011: approximately HK$89.9 million) and the increase over those incurred in 2011 was mainly due to obtaining new interest bearing debts during the year under review.

Profit attributable to the owners of the Company

The profit attributable to owners of the Company for the year was approximately HK$145.7 million as compared to approximately HK$117.7 million last year. The change was mainly due to the increase of recognition of sales of shops in Yulin Market as well as the outstanding business performance of Wuhan Baisazhou Agricultural and By-Product Exchange Market ("**Wuhan Baisazhou Market**").

DIVIDENDS

The Directors do not recommend any payment of final dividend for the year ended 31 December 2012 (2011: Nil). No interim dividend was paid to the shareholders of the Company during the year under review (2011: Nil).

REVIEW OF OPERATIONS

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

Agricultural produce exchanges

Wuhan Baisazhou Agricultural and By-Product Exchange Market

Wuhan Baisazhou Market, located in the provincial capital of Hubei Province, is one of the largest agricultural produce exchange operators in the PRC. Wuhan Baisazhou Market 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. In 2012, Wuhan Baisazhou Market was awarded as amongst the top 50 national agricultural wholesale markets by China Agricultural Wholesale Market Association.

During the year under review, the turnover of Wuhan Baisazhou Market increased approximately 58% as compared with that of 2011 which provided tremendous contribution to the Group. The operating performance saw a turnaround due to a series of effective marketing and promotion activities carried out in 2012.

Yulin Agricultural and By-Product Exchange Market

Yulin Market is one of the largest agricultural produce exchanges in Guangxi Zhuang Autonomous Region ("**Guangxi**"), the PRC. It has various types of market stalls and multi-storey godowns. The Group successfully acquired 2 parcels of land of approximately 160,000 square metres in February 2011 and 73,000 square metres in December 2012 respectively, thereby expanding the land bank of Yulin Market to more than 470,000 square metres. The Group in 2012 partially completed the construction of an extension arm of the phase two development of Yulin Market, bringing to the Group a new income driver in 2012.

During the year under review, some of the shops were sold and contributed to the increase of the turnover of the Group in 2012.

Xuzhou Agricultural and By-Product Exchange Market

Xuzhou Agricultural and By-Product Exchange Market ("**Xuzhou Market**") occupies approximately 200,000 square metres and is located in the northern part of Jiangsu Province in East China, comprises various market stalls and a godown. Xuzhou Market is the major marketplace for the supply of fruit and seafood to Xuzhou City and the northern part of Jiangsu Province with accelerating performance in the area of vegetable distribution. The operating performance of Xuzhou Market was steady and satisfactory as the income in 2012 increased by approximately 19% compared with the figure last year. Xuzhou Market was one of the five to be awarded in the first batch of credit rated wholesale agricultural markets by China Agricultural Wholesale Market Association in 2012.

MATERIAL ACQUISITIONS

Acquisition of Land

On 31 August 2012, the Group won a bid at the tender for a parcel of land in Luoyang City of Henan Province, the PRC ("**Henan**") of approximately 133,000 square metres for a consideration of approximately RMB46.0 million, which the Group intends to develop as a new agricultural produce exchange.

On 24 December 2012, the Group successfully acquired a parcel of land in Yulin City of Guangxi Zhuang Autonomous Region, the PRC ("**Guangxi**") of approximately 73,000 square metres for a consideration of RMB90.6 million which is intended to be an extension of the existing Yulin Market. This new site is adjacent to the Group's existing Yulin Market which should help expand Guangxi's existing operations.

EVENTS AFTER THE REPORTING PERIOD

Acquisition of Land

On 10 January 2013, the Group successfully acquired five parcels of land in Kaifeng City of Henan of an aggregate of approximately 408,000 square metres for a total consideration of approximately RMB116.3 million, planned for the development of a new agricultural exchange project in Henan.

On 15 January 2013, the Group won a bid at the tender for a parcel of land in Huaian City, Jiangsu Province, the PRC ("**Jiangsu**") of approximately 53,000 square metres for a consideration of RMB42.0 million, planned for the development of a new agricultural produce exchange project in Jiangsu.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2012, the Group had total cash and cash equivalents amounting to approximately HK$394.0 million (2011: approximately HK$533.2 million) whilst total assets and net assets were approximately HK$4,331.9 million (2011: approximately HK$2,927.9 million) and approximately HK$1,267.5 million (2011: approximately HK$1,035.4 million), respectively. The Group's gearing ratio as at 31 December 2012 was approximately 1.0 (2011: approximately 0.6), being a ratio of total bank and other borrowings and promissory notes of approximately HK$1,620.8 million (2011: approximately HK$1,122.3 million), net of cash and cash equivalents of approximately HK$394.0 million (2011: approximately HK$533.2 million) to shareholders' funds of approximately HK$1,267.5 million (2011: approximately HK$1,035.4 million).

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 31 December 2012, outstanding capital commitments, contracted but not provided for, amounted to approximately HK$441.7 million (2011: approximately HK$161.3 million) in relation to the purchase of property, plant and equipment and construction contracts. As at 31 December 2012, the Group had pledged investment properties and bank deposit with carrying amount of approximately HK$1,313.4 million and approximately HK$20.8 million respectively (2011: approximately HK$1,039.0 million and approximately HK$21.0 million) as security for bank financing. As at 31 December 2012, the Group had no significant contingent liabilities (2011: Nil).

The Group did not have any outstanding foreign exchange contracts, interest or currency swaps or other financial derivatives as at 31 December 2012. The revenue, operating costs and bank deposits of the Group are mainly denominated in Renminbi and Hong Kong dollars. Therefore, the Group is not exposed to any material foreign currency exchange risk.

PROSPECTS

Looking forward to 2013, the Group will continue to build a nationwide agricultural produce exchange network by leveraging on its leading position in the industry, readily replicable business model, well-developed management system and quality customer services. The Luoyang project is expected to start operation in 2013 and the Group believes this new flagship project in Henan will demonstrate a good business and operation model for other new projects.

The Group will continue to focus its investment in agricultural by-products wholesale markets in the PRC to further entrench its commitment to support the PRC State Council's Number 1 Policy of 2013 in the area of agricultural issues in consecutive 10 years. Leveraging on the strategic position the Group has attained in the 1st tier of agricultural products markets, the Group will endeavor to negotiate, build and expand its network of sizable wholesale markets by establishing partnership or investment in various provinces in the PRC.

With the favourable support of agricultural logistic business from the Central Government and our professional experience as a leader in the industry coupled with the significant increment of land bank, the Group is confident that this strategy and business model will deliver long-term benefits to the shareholders of the Company.

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2012, the Group had 942 (2011: 820) employees, approximately 95.8% 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 year ended 31 December 2012.

CHANGE OF CHIEF EXECUTIVE OFFICER

With effect from 20 March 2013, Mr. Chan Chun Hong, Thomas ("**Mr. Chan**") has resigned from the role of the chief executive officer of the Company but remains as the chairman of the Board for the purpose of compliance of code provision A.2.1 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules and Mr. Wong Koon Kui, Lawrence was re-designated as the chief executive officer of the Company (formerly as the managing Director on the even date).

The biographical details and information of Mr. Wong Koon Kui, Lawrence were disclosed in the announcement of the Company dated 2 December 2012.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had complied with the code provisions of the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) (collectively, the "**CG Code**") set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2012 except for the following deviation:

Code provision A.2.1

Code provision A.2.1 of the CG Code requires the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Chan, the chairman of the Board, has assumed the role of chief executive officer of the Company since August 2010. Further details of the Company's arrangements and considered reasons for the Company's intention not to separate the roles of the chairman of the Board and the chief executive officer of the Company during the year are set out in the Company's 2012 interim report. As disclosed above, the Company has re-complied with code provision A.2.1 with effect from 20 March 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its code of conduct regarding the securities transactions by the Directors 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. The Audit Committee comprises all of the 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 Company's auditors the consolidated financial statements for the year ended 31 December 2012.

ANNUAL GENERAL MEETING

The 2013 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 Thursday, 16 May 2013 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 2012 annual report of the Company containing all the information required by the Listing Rules will be despatched to its 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, 20 March 2013

As at the date of this announcement, the executive directors of the Company are Mr. Chan Chun Hong, Thomas, Mr. Wong Koon Kui, Lawrence, Mr. Leung Sui Wah, Raymond, Mr. Yau Yuk Shing and the independent non-executive directors of the Company are Mr. Ng Yat Cheung, Mr. Lee Chun Ho and Ms. Lam Ka Jen, Katherine.