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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

INTERIM RESULTS

The board of directors (the “**Board**”) of China Agri-Products Exchange Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2013, together with the comparative figures for the corresponding period in 2012. These interim condensed consolidated financial statements were not audited, but have been reviewed by HLB Hodgson Impey Cheng Limited (“**HLB**”), the Group’s external auditors, and the audit committee of the Company (the “**Audit Committee**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

| | Notes | For the six months ended 30 June | |
|---|-------|-------------------------------------|---------------------------------|
| | | 2013 (Unaudited) HK\$’000 | 2012 (Unaudited) HK\$’000 |
| Turnover | 3 | 259,267 | 127,990 |
| Cost of operation | | (166,766) | (62,152) |
| Gross profit | | 92,501 | 65,838 |
| Other revenue and other net income | | 6,372 | 2,356 |
| Net gain in fair value of investment properties | | 216,995 | 213,348 |
| General and administrative expenses | | (113,273) | (113,090) |
| Selling expenses | | (10,007) | (2,484) |
| Profit from operations | | 192,588 | 165,968 |
| Finance costs | 4 | (71,977) | (45,476) |

| | | For the six months ended 30 June | |
|--|--------------|---|-----------------|
| | | 2013 | 2012 |
| | | (Unaudited) | (Unaudited) |
| | <i>Notes</i> | HK\$'000 | HK\$'000 |
| Profit before taxation | | 120,611 | 120,492 |
| Income tax | 6 | <u>(61,331)</u> | <u>(55,760)</u> |
| Profit for the period | 5 | 59,280 | 64,732 |
| Other comprehensive income/(loss) | | | |
| Exchange differences on translating foreign operations | | <u>39,560</u> | <u>(17,738)</u> |
| Total comprehensive income for the period | | <u>98,840</u> | <u>46,994</u> |
| Profit attributable to: | | | |
| Owners of the Company | | 38,070 | 28,658 |
| Non-controlling interests | | <u>21,210</u> | <u>36,074</u> |
| | | <u>59,280</u> | <u>64,732</u> |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 76,184 | 14,096 |
| Non-controlling interests | | <u>22,656</u> | <u>32,898</u> |
| | | <u>98,840</u> | <u>46,994</u> |
| Earnings per share | | | |
| — Basic | 8 | <u>HK\$0.02</u> | <u>HK\$0.01</u> |
| — Diluted | 8 | <u>HK\$0.02</u> | <u>HK\$0.01</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

| | | As at 30 June 2013 (Unaudited) HK\$'000 | As at 31 December 2012 (Audited) HK\$'000 |
|---|--------------|---|---|
| | <i>Notes</i> | | |
| Non-current assets | | | |
| Property, plant and equipment | | 35,531 | 30,575 |
| Investment properties | | 2,891,336 | 3,408,915 |
| Goodwill | | 6,444 | 6,444 |
| | | <u>2,933,311</u> | <u>3,445,934</u> |
| Current assets | | | |
| Stock of properties | | 1,046,113 | 168,149 |
| Trade and other receivables | 9 | 330,474 | 313,930 |
| Financial assets at fair value through profit or loss | | 9,413 | 5,410 |
| Tax receivable | | — | 4,521 |
| Cash and cash equivalents | | 332,389 | 393,954 |
| | | <u>1,718,389</u> | <u>885,964</u> |
| Current liabilities | | | |
| Deposits and other payables | 10 | 740,018 | 947,899 |
| Deposit receipts in advance | | 97,834 | 135,054 |
| Bank and other borrowings | | 217,945 | 275,452 |
| Government grants | | 2,906 | 2,860 |
| Promissory notes | | 376,000 | 376,000 |
| Income tax payable | | 20,281 | 7,581 |
| | | <u>1,454,984</u> | <u>1,744,846</u> |
| Net current assets/(liabilities) | | <u>263,405</u> | <u>(858,882)</u> |
| Total assets less current liabilities | | <u>3,196,716</u> | <u>2,587,052</u> |
| Non-current liabilities | | | |
| Bank and other borrowings | | 1,440,781 | 969,358 |
| Deferred tax liabilities | | 389,589 | 350,188 |
| | | <u>1,830,370</u> | <u>1,319,546</u> |
| Net assets | | <u>1,366,346</u> | <u>1,267,506</u> |
| Capital and reserves | | | |
| Share capital | | 24,610 | 24,610 |
| Reserves | | 969,254 | 893,070 |
| Total equity attributable to owners of the Company | | <u>993,864</u> | <u>917,680</u> |
| Non-controlling interests | | 372,482 | 349,826 |
| Total equity | | <u>1,366,346</u> | <u>1,267,506</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of preparation of Interim Financial Statements

Going concern basis

In preparing the Interim Financial Statements, the directors of the Company have given careful consideration to the future liquidity of the Group notwithstanding that:

- the Group had net cash outflows in operating activities of approximately HK\$237,492,000 as at 30 June 2013; and
- the Group had outstanding bank and other borrowings of approximately HK\$1,658,726,000, out of which an aggregate of approximately HK\$217,945,000 due for repayment within the next twelve months after 30 June 2013.

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

(1) *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.

(2) *Necessary facilities*

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

(3) *Writ issued by the Company against Ms. Wang Xiu Qun and Wuhan Tian Jiu Industrial and Commercial Development Co., Ltd.*

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 (the “**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.

In the opinion of the directors, the light of the various measures/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 Interim Financial Statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have been 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 Interim Financial Statements.

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

The Interim Financial Statements has been prepared under the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies used in the Interim Financial Statements is consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“**new and revised HKFRSs**”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2013.

| | |
|--|---|
| HKFRS 10 | Consolidated Financial Statements |
| HKFRS 11 | Joint Arrangements |
| HKFRS 12 | Disclosure of Interests in Other Entities |
| HKFRS 13 | Fair Value Measurement |
| Amendments to HKFRS 7 | Disclosure — Offsetting Financial Assets and Financial Liabilities |
| Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 | Consolidated Financial Statements, Joint Arrangements Disclosure of Interests in Other Entities: Transition Guidance |
| HKAS 19 (as revised in 2011) | Employee Benefit |
| HKAS 27 (as revised in 2011) | Separate Financial Statements |
| HKAS 28 (as revised in 2011) | Investments in Associates and Joint Ventures |
| Amendments to HKAS 1 | Presentation of Items of Other Comprehensive Income |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2009-2011 Cycle except for the amendments to HKAS 1 |
| HK(IFRIC)-Int 20 | Stripping Costs in Production Phase of Surface Mine |

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 “Presentation of Items of Other Comprehensive Income” introduce new terminology for the statement of comprehensive income. Under the amendments to HKAS 1, a “statement of comprehensive income” is renamed as a “statement of profit or loss and other comprehensive income”. The amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (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 Group’s “condensed consolidated statement of comprehensive income” is renamed as “condensed consolidated statement of profit or loss and other comprehensive income” and presentation of items of other comprehensive income has been modified accordingly.

HKFRS 13 Fair Value Measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the Interim Financial Statements. In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement requirements prospectively. The Group has provided these disclosures in note 11. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group’s assets and liabilities.

The application of other new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in these Interim Financial Statements and/or disclosures set out in these Interim Financial Statements.

3. SEGMENT REPORTING

The Group has two reportable segments under HKFRS 8, (i) property rental and (ii) property sale. 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

An analysis of the Group's revenues and results by business segment for the six months ended 30 June 2013 and 2012:

| | Property rental | | Property sale | | Consolidated | |
|--------------------------------|-----------------|----------------|----------------|---------------|----------------------|-----------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Turnover | | | | | | |
| External sales | <u>104,490</u> | <u>88,421</u> | <u>154,777</u> | <u>39,569</u> | <u>259,267</u> | <u>127,990</u> |
| Result | | | | | | |
| Segment result | <u>230,134</u> | <u>194,767</u> | <u>6,537</u> | <u>6,895</u> | 236,671 | 201,662 |
| Unallocated corporate expenses | | | | | (48,236) | (36,966) |
| Other income | | | | | <u>4,153</u> | <u>1,272</u> |
| Profit from operations | | | | | 192,588 | 165,968 |
| Finance costs | | | | | <u>(71,977)</u> | <u>(45,476)</u> |
| Profit before taxation | | | | | 120,611 | 120,492 |
| Income tax | | | | | <u>(61,331)</u> | <u>(55,760)</u> |
| Profit for the period | | | | | <u>59,280</u> | <u>64,732</u> |

Segment assets and liabilities

An analysis of the Group assets and liabilities by reportable segment as at 30 June 2013 and 31 December 2012:

| | Property rental | | Property sale | | Consolidated | |
|-----------------------------------|------------------|-----------------|------------------|-----------------|------------------|------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Assets | | | | | | |
| Segment assets | 3,315,622 | 3,940,816 | 1,176,372 | 178,122 | 4,491,994 | 4,118,938 |
| Unallocated corporate assets | | | | | 159,706 | 212,960 |
| Consolidated total assets | | | | | 4,651,700 | 4,331,898 |
| Liabilities | | | | | | |
| Segment liabilities | 1,118,754 | 1,602,100 | 322,578 | 85,453 | 1,441,332 | 1,687,553 |
| Unallocated corporate liabilities | | | | | 1,844,022 | 1,376,839 |
| Consolidated total liabilities | | | | | 3,285,354 | 3,064,392 |

4. FINANCE COSTS

| | For the six months ended 30 June | |
|---|----------------------------------|-----------------|
| | 2013 | 2012 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Interest on bank advances and other borrowings wholly repayable within five years | 60,227 | 23,866 |
| Imputed interest promissory notes | — | 21,610 |
| Interest on promissory notes | 11,750 | — |
| | 71,977 | 45,476 |

5. PROFIT FOR THE PERIOD

| | For the six months ended 30 June | |
|--|-------------------------------------|------------|
| | 2013 | 2012 |
| | HK\$'000 | HK\$'000 |
| Profit for the period has been arrived at after charging the following items: | | |
| Depreciation | 2,994 | 2,274 |
| Unrealised (gain)/loss on financial assets through profit or loss | <u>(3,998)</u> | <u>768</u> |

6. INCOME TAX

Taxation in the Interim Financial Statements represents:

| | For the six months ended 30 June | |
|---|-------------------------------------|---------------|
| | 2013 | 2012 |
| | HK\$'000 | HK\$'000 |
| Current tax | | |
| — PRC enterprise income tax | <u>27,757</u> | <u>2,423</u> |
| | 27,757 | 2,423 |
| Deferred tax | | |
| Origination and reversal of temporary differences | <u>33,574</u> | <u>53,337</u> |
| | <u>61,331</u> | <u>55,760</u> |

No provision for Hong Kong Profits Tax has been made in the Interim Financial Statements as the Company and its subsidiaries had no assessable profits in both periods.

7. DIVIDENDS

The directors do not propose the payment of any interim dividend in respect of the period under review (six months ended 30 June 2012: Nil).

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the period attributable to owners of the Company of approximately HK\$38,070,000 (six months ended 30 June 2012: approximately HK\$28,658,000) and weighed average number of approximately 2,460,984,135 ordinary shares (period from 1 January 2012 to 30 June 2012: approximately 2,460,984,135). There were no diluted potential ordinary shares in issue during the six months ended 30 June 2013 and 2012.

9. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period ranging from 30 days to its trade customers. Included in trade and other receivables are trade receivables of approximately HK\$559,000 (31 December 2012: approximately HK\$521,000) and their aged analysis at each reporting period is as follows:

| | As at 30 June 2013 <i>HK\$'000</i> | As at 31 December 2012 <i>HK\$'000</i> |
|--|---|---|
| Less than 90 days | 492 | 485 |
| More than 90 days but less than 180 days | 39 | 18 |
| More than 180 days | 28 | 18 |
| | <hr/> | <hr/> |
| Total trade receivables | 559 | 521 |
| Land auction deposits | 30,323 | 29,846 |
| Deposit for land acquisition | 255,628 | 239,987 |
| Other deposits | 2,961 | 3,819 |
| Prepayments | 13,429 | 8,609 |
| Amount due from non-controlling interest | 12,912 | 12,709 |
| Other receivables | 14,662 | 18,439 |
| | <hr/> | <hr/> |
| | 330,474 | 313,930 |
| | <hr/> <hr/> | <hr/> <hr/> |

10. DEPOSITS AND OTHER PAYABLES

| | As at 30 June 2013 <i>HK\$'000</i> | As at 31 December 2012 <i>HK\$'000</i> |
|-----------------------------|---|---|
| Accrued charges | 24,610 | 23,000 |
| Construction payables | 246,432 | 516,376 |
| Interest payables | 175,060 | 114,468 |
| Other tax payables | 43,153 | 39,893 |
| Deposits and other payables | 250,763 | 254,162 |
| | <hr/> | <hr/> |
| | 740,018 | 947,899 |
| | <hr/> <hr/> | <hr/> <hr/> |

11. FAIR VALUE MEASUREMENT

The directors of the Company consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair value.

12. COMPARATIVE FINANCIAL INFORMATION

Certain comparative figures have been restated to confirm with current period's presentation.

13. INDEPENDENT REVIEW

The interim financial report for the six months ended 30 June 2013 is unaudited, but has been reviewed by HLB, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. The interim financial report has also been reviewed by the Audit Committee.

EXTRACT FROM REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The following is an extract of the independent auditors' review report on the Group's interim financial information for the six months ended 30 June 2013:

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

MATERIAL UNCERTAINTY CONCERNING GOING CONCERN BASIS OF ACCOUNTING

Without qualifying our conclusion, we draw attention to note 1(b) to the interim financial information which indicates that the Group had net cash outflows in operating activities of approximately HK\$237,492,000. Notwithstanding the above, the interim financial information have been prepared on a going concern basis, the validity of which is dependent on the Group's ability to extend its short-term borrowings upon maturity, obtain long-term financing facilities to re-finance its short-term borrowings, and derive adequate operating cash flows from its existing operations in order for the Group to meet its financial 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 1(b), indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2013 (for the six months ended 30 June 2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Financial Results

Turnover and profit attributable to owners of the Company

For the six months ended 30 June 2013, the Group recorded a turnover of approximately HK\$259.3 million (for the six months ended 30 June 2012: approximately HK\$128.0 million), representing a significant increase of approximately 103% compared to the corresponding period last year. The increase was mainly due to the recognition of property sales at the agricultural and by-product exchange market in Yulin (the "**Yulin Market**") in Guangxi Zhuang Autonomous Region ("**Guangxi**") and the continuous turnover growth of the agricultural and by-product exchange market in Xuzhou (the "**Xuzhou Market**") in Jiangsu Province and in Baisazhou, Wuhan (the "**Wuhan Baisazhou Market**") in Hubei Province. Gross profit was approximately HK\$92.5 million (for the six months ended 30 June 2012: approximately HK\$65.8 million), representing a significant increase of approximately 40% compared to the corresponding period last year.

The profit attributable to owners of the Company was approximately HK\$38.1 million compared to approximately HK\$28.7 million for the corresponding period last year. The moderate growth was primarily attributable to the contribution of sales of certain properties but offset by the increase of finance cost for developing new projects of the Group.

Net gain in fair value of investment properties

The fair value gain on investment properties increased to approximately HK\$217.0 million (for the six months ended 30 June 2012: approximately HK\$213.3 million), mainly due to the continuous rise in property prices in the People's Republic of China (the "PRC") including particularly the positive effect of property selling prices at Yulin Market.

Administrative expenses and selling expenses

The Group recorded administrative expenses of approximately HK\$113.3 million (for the six months ended 30 June 2012: approximately HK\$113.1 million) and selling expenses of approximately HK\$10.0 million (for the six months ended 30 June 2012: approximately HK\$2.5 million). The increase in selling expenses was mainly due to the promotion expenses incurred at the Group's agricultural produce exchanges and the marketing and promotion costs incurred at the Group's Luoyang project in the period of 2013.

Review of Operations

The Group is principally engaged in the business of property rental and property sale in respect of agricultural produce exchange in the PRC.

Wuhan Baisazhou Market

Wuhan Baisazhou Market is located in the provincial capital of Hubei Province, a key gathering point for buyers and sellers of agricultural produce in central China, and owns and operates an agricultural produce exchange occupying a site area and total gross floor area of approximately 270,000 square metres and 160,000 square metres respectively. During the period under review, the total occupancy rate of Wuhan Baisazhou Market was satisfactory and the operations of Wuhan Baisazhou Market were stable with income growth of approximately 19% compared to the income of the corresponding period of last year, contributing to an increase in the Group's income. Wuhan Baisazhou Market was also awarded as one of the first batch of key distribution centre of national agricultural markets issued by the Ministry of Commerce of the PRC in 2013.

Yulin Market

Yulin Market, one of the flagship projects of the Group, is an agricultural wholesale market complex in Yulin city of Guangxi with various market stalls and multi-storey godowns. Following completion of the construction at an adjacent parcel of land with an area of approximately 160,000 square metres acquired in February 2012, the Group has started the operations of phase two of Yulin Market with a satisfactory rental rate. During the period under review, Yulin Market has sold certain shops to existing tenants and investors, recognising property sale to the Group in the amount of approximately HK\$154.8 million. Both the property sales and property rental performance of the Yulin Market are good, which present a powerful testament to the success of the Group's business model.

Xuzhou Market

The Group's agricultural wholesale market in Xuzhou, Jiangsu Province with various storey market stalls and multi-storey godowns, is the major marketplace for the supply of fruit and meat in east China. Coupling with the continuous customer flow in Jiangsu Province, the business result of this project was very encouraging with a turnover of approximately HK\$32.4 million for the six months ended 30 June 2013 (for the six months ended 30 June 2012: approximately HK\$28.9 million), representing an increase of approximately 12% compared to the corresponding period last year.

Material Transactions

Land Acquisition at Kaifeng

On 10 January 2013, the Group won a bid at a tender for five parcels of land with approximately 408,000 square metres in total for the Kaifeng project at the consideration of approximately RMB116.3 million. The land is intended to be used to expand the Group's existing network of its agricultural wholesale markets in the PRC. Details of the transaction are disclosed in the Company's announcement dated 11 January 2013.

Land Acquisition at Huaian

On 15 January 2013, the Group won a bid at a tender for a parcel of land with approximately 53,000 square metres for the Huaian project at the consideration of RMB42.0 million. The land is intended to be used to expand the Group's existing network of its agricultural wholesale markets in the PRC. Details of the transaction are disclosed in the Company's announcement dated 16 January 2013.

Future Plans and Prospects

The overall policy of urbanisation in the PRC will drive economic and population growth in various cities. Our existing projects are strategically located in the western, eastern and central China which are amongst the key locations to capture the growth momentum in China. Yulin Market is aimed to serve the Northern Bay region of Guangxi which is being promoted to attract trade from many of the ASEAN countries; the Xuzhou Market is strategically located to serve the Long River Delta and Pan Pearl River Delta regions; whilst the Wuhan Baisazhou Market is the focus of the Group's development for central China. With the building up the agricultural market network, the management believes that the existing agricultural markets will continue to bring positive results to the Group.

Backed by the favourable policy in the PRC, the management believes that the rising demand for food and vegetables in various cities may have positive impact on our existing agricultural market and stimulate strong demand and transactions for agricultural markets. Coupling with the favourable government policies on the development of agricultural markets, the Group has strong confidence on its business model. The new projects in Luoyang city and Kaifeng city in Henan Province and Huaian city in Jiangsu Province will be a new driving force to the future development of the Group. In addition, the Group will endeavor to negotiate, build and expand its network of agricultural produce wholesale markets by working on establishing partnerships in the PRC and exploring business opportunities of agricultural markets in different provinces in the PRC so as to deliver long-term benefits to the shareholders of the Company.

Liquidity and Financial Resources

As at 30 June 2013, the Group had total cash and cash equivalents amounting to approximately HK\$332.4 million (31 December 2012: approximately HK\$394.0 million) whilst total assets and net assets were approximately HK\$4,651.7 million (31 December 2012: approximately HK\$4,331.9 million) and approximately HK\$1,366.3 million (31 December 2012: approximately HK\$1,267.5 million), respectively. The change in the value of current assets from approximately HK\$886.0 million as at 31 December 2012 to approximately HK\$1,718.4 million as at 30 June 2013 was mainly due to the change of development plans to sale of properties in the Luoyang project and Qinzhou project. The Group's gearing ratio as at 30 June 2013 was approximately 1.25 (31 December 2012: approximately 1.0), being a ratio of the total of bank and other borrowings and promissory notes of approximately HK\$2,034.7 million (31 December 2012: approximately HK\$1,620.8 million), net of cash and cash equivalents of approximately HK\$332.4 million (31 December 2012: approximately HK\$394.0 million), to total shareholders' funds of approximately HK\$1,366.3 million (31 December 2012: approximately HK\$1,267.5 million).

Contingent Liabilities and Capital Commitments

As at 30 June 2013, outstanding capital commitment, contracted but not provided for, amounted to approximately HK\$255.0 million in relation to the purchase of property, plant and equipment, and construction contracts (31 December 2012: approximately HK\$441.7 million).

As at 30 June 2013, the Group pledged the land use rights and stock of properties with an aggregate carrying value of approximately HK\$1,324.8 million (31 December 2012: approximately HK\$1,334.2 million) to secure bank borrowings.

As at 30 June 2013, the Group had no significant contingent liability.

Employees and Remuneration Policies

As at 30 June 2013, the Group had 1,403 employees (31 December 2012: 942 employees), approximately 97% of whom were located in the PRC. The Group's remuneration policy is reviewed periodically by the remuneration committee of the Company and the Board 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 had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2013.

CORPORATE GOVERNANCE

The Company had complied with the Corporate Governance Code during the period from 1 January 2013 to 30 June 2013 (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules, except for the following deviation:

Code provision A.2.1

Mr. Chan Chun Hong, Thomas, the chairman of the Board, has also assumed the role of chief executive officer since 2 August 2010. To re-comply with code provision A.2.1 of the CG Code, with effect from 20 March 2013, Mr. Chan has resigned from the role of the chief executive officer of the Company but remains as the chairman of the Board and Mr. Wong Koon Kui, Lawrence was re-designated as the chief executive officer of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code for the Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries of all directors of the Company, the Company confirmed that all directors of the Company had complied with the required standards set out in the Model Code throughout the period under review.

AUDIT COMMITTEE

The Audit Committee 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 the independent non-executive directors of the Company, namely Mr. Ng Yat Cheung, Ms. Lam Ka Jen, Katherine and Mr. Lau King Lung, and is chaired by Ms. Lam Ka Jen, Katherine, which has reviewed with the management and HLB the unaudited condensed consolidated interim results for the six months ended 30 June 2013.

PUBLICATION OF INTERIM RESULTS AND DESPATCH OF INTERIM REPORT

This interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company (www.cnagri-products.com). The 2013 interim 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
中國農產品交易所有限公司
Chan Chun Hong, Thomas
Chairman

Hong Kong, 15 August 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 and Mr. Yau Yuk Shing and the independent non-executive directors of the Company are Mr. Ng Yat Cheung, Ms. Lam Ka Jen, Katherine and Mr. Lau King Lung.