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 2014

The board of directors (the "**Board**" or "**Directors**") of China Agri-Products Exchange Limited (the "**Company**") announce the audited consolidated results of the Company and its subsidiaries (collectively referred to the "**Group**") for the year ended 31 December 2014, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014** **HK$'000**	2013 *HK$'000*
Turnover	*4*	**298,043**	408,544
Cost of operation		**(83,970)**	(216,561)
Gross profit		**214,073**	191,983
Other revenue and other net income		**42,222**	9,645
Net gain in fair value of investment properties		**77,686**	671,065
General and administrative expenses		**(287,670)**	(245,895)
Selling expenses		**(106,389)**	(42,774)
(Loss)/profit from operations		**(60,078)**	584,024
Finance costs	*5(a)*	**(231,990)**	(164,848)
(Loss)/profit before taxation	*5*	**(292,068)**	419,176
Income tax	*6*	**(44,001)**	(198,457)
(Loss)/profit for the year		**(336,069)**	220,719

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*
For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Other comprehensive (loss)/income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(82,077)**	83,530
Other comprehensive (loss)/income for the year, net of Income tax		**(82,077)**	83,530
Total comprehensive (loss)/income for the year, net of of income tax		**(418,146)**	304,249
(Loss)/profit attributable to:			
Owners of the Company		**(340,420)**	154,980
Non-controlling interests		**4,351**	65,739
		(336,069)	220,719
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(413,170)**	228,795
Non-controlling interests		**(4,976)**	75,454
		(418,146)	304,249
(Loss)/earnings per share			
— Basic (restated)	*8(a)*	**HK$(0.31)**	HK$0.87
— Diluted (restated)	*8(b)*	**HK$(0.31)**	HK$0.87

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**72,546**	45,412
Investment properties		**3,554,194**	3,420,587
Goodwill		**6,444**	6,444
		3,633,184	3,472,443
Current assets			
Stock of properties		**2,715,778**	1,646,691
Trade and other receivables	9	**231,749**	293,903
Loan receivables		**27,173**	12,789
Financial assets at fair value through profit or loss		**4,792**	5,546
Pledged bank deposits		**92,962**	—
Cash and cash equivalents		**200,387**	267,422
		3,272,841	2,226,351
Current liabilities			
Deposits and other payables		**973,209**	989,606
Deposit receipts in advance		**445,415**	99,620
Bank and other borrowings		**434,534**	961,128
Government grants		**—**	2,941
Promissory notes		**376,000**	376,000
Income tax payable		**41,413**	36,801
		2,270,571	2,466,096
Net current assets/(liabilities)		**1,002,270**	(239,745)
Total assets less current liabilities		**4,635,454**	3,232,698
Non-current liabilities			
Bonds		**1,503,117**	—
Bank and other borrowings		**731,620**	1,104,876
Deferred tax liabilities		**524,459**	506,974
		2,759,196	1,611,850
Net assets		**1,876,258**	1,620,848
Capital and reserves			
Share capital		**17,242**	29,510
Reserves		**1,406,049**	1,170,079
Total equity attributable to owners of the Company		**1,423,291**	1,199,589
Non-controlling interests		**452,967**	421,259
Total equity		**1,876,258**	1,620,848

1. GENERAL

China Agri-Products Exchange Limited (the "**Company**", together with its subsidiaries the "**Group**") 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 Group is principally engaged in the management and sales of agricultural produce exchange markets in the People's Republic of China ("**PRC**").

2. SIGNIFICANT ACCOUNTING POLICIES

(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) Basis of preparation of financial statements

(i) Going concern basis

The Supreme People's Court of the PRC ordered that, inter alia, the share transfer agreements filed with the Ministry of Commerce ("**MOFCOM**") of the PRC and the Wuhan Administration of Industry and Commerce ("**Hubei AIC**") in relation to the acquisition of Wuhan Baisazhou Agricultural By-product Grand Market Company Limited ("**Baisazhou Agricultural**") were void. As advised by the PRC legal advisor of the Company, the judgement will not lead to immediate change of the ownership of Baisazhou Agricultural and the Company continues to be the legal owner of Baishazhou Agricultural until and unless the revocation of the approval from the MOFCOM and the registration of the transfer of shareholding by the Hubei AIC. The Company will take all necessary actions in the PRC as advised by its PRC legal advisor in response to the judgement.

The Group incurred a net loss of approximately HK$336,069,000 and the net operating cash outflow of approximately HK$919,537,000. In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group. The Directors adopted the going concern basis for the preparation of the consolidated financial statements and implemented the following measures in order to improve the working capital and liquidity and cashflow position of the Group.

(1) *Alternative sources of external funding*

On 23 December 2014, the Company entered into the underwriting agreement with, among other, the underwriters, whereby the Company proposes to raise gross proceeds of approximately HK$517.3 million, before expenses, by way of the rights issue. The Company may allot and issue 1,724,168,248 rights shares at the subscription price of HK$0.30 per rights share. For the details, please refer to the Company's announcements dated 8 January 2015, 29 January 2015 and 13 February 2015, respectively.

On 13 February 2015, the Company entered into a loan agreement with Double Leads Investments Limited ("**Double Leads**"), an indirect wholly-owned subsidiary of Wang On Group Limited. Under the agreement, Double Leads agreed to advance 1-year unsecured loan of HK$110,000,000 to the Company at an annual interest rate of 12.0%. For the details, please refer to the Company's announcement dated 13 February 2015.

(2) *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.

(3) *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.

(4) *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 agreements 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 (the "**Undertakings**") were given by Ms. Wang and Tian Jiu not to indorse, assign, transfer or negotiate the Instruments (purportedly described as promissory notes in the sale and purchase agreements), and enforce payment by presentation of the Instruments until the final determination of the court action or further court order. Under the Undertakings, the Instruments will no longer fall due for payment by the Company on 5 December 2012.

The Instruments are recorded at book value at approximately HK$376,000,000, together with interest payable in the amount of approximately HK$518,700,000 as at 31 December 2014.

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 consolidated 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 the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

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

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 2014. A summary of the new HKFRSs are set out as below:

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36	Recoverable Amount and Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

The nature of the impending changes in accounting policy on adoption is described below.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied the amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

HK(IFRIC) - Int 21 Levies

The Group has applied HK(IFRIC) - Int 21 Levies for the first time in the current year. HK(IFRIC) - Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) - Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's 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[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[5]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[5]
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions[4]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[5]
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle[6]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle[4]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted

2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted

3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted

4 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted

5 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted

6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted

HKFRS 9 Financial Instruments

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 2018, 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 2018 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.

HKFRS 14 Regulatory Deferral Accounts

HKFRS 14 Regulatory Deferral Accounts, describes regulatory deferral account balances as amounts of expense or income that would not be recognised as assets or liabilities in accordance with other standards, but that qualify to be deferred in accordance with IFRS/HKFRS 14 because the amount is included, or is expected to be included, by the rate regulator in establishing the price(s) that an entity can charge to customers for rate regulated goods or services.

The amendments to HKFRS 14 apply prospectively for annual periods beginning on or after 1 January 2016. The Directors do not anticipate that the application of these amendments to HKFRS 14 will have a material impact on the Group's consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

— Step 1: Identify the contract(s) with a customer
— Step 2: Identify the performance obligations in the contract
— Step 3: Determine the transaction price
— Step 4: Allocate the transaction price to the performance obligations in the contract
— Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 Impairment of Assets regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The Directors do not anticipate that the application of these amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The Directors believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Directors do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants

The amendments to HKAS 16 and HKAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The Directors do not anticipate that the application of these amendments to HKAS 16 and HKAS 41 will have a material impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The Directors do not anticipate that the application of these amendments to HKAS 19 will have a significant impact on the Group's consolidated financial statements as the Group does not have any defined benefit plans.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

— At cost

— In accordance with HKFRS 9 Financial Instruments (or HKAS 39 Financial Instruments:

Recognition and Measurement for entities that have not yet adopted HKFRS 9), or

— Using the equity method as described in HKAS 28 Investments in Associates and Joint Ventures.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 Consolidated Financial Statements and to HKFRS 1 First time Adoption of Hong Kong Financial Reporting Standards.

The Directors do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to HKAS 28:

— The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

— A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

— A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to HKFRS 10:

— An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

— New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

— The Directors do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The Directors do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The Directors do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2012-2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 Disclosure - Offsetting Financial Assets and Financial Liabilities issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The Directors do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

4. TURNOVER

Turnover represents revenue from (i) property rental income, (ii) property ancillary services, (iii) commission income from agricultural produce 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:

	2014	2013
	HK$'000	*HK$'000*
Property rental income	**166,887**	137,824
Revenue from property ancillary services	**50,385**	39,064
Commission income from agricultural produce exchange market	**71,574**	62,037
Revenue from property sales	**9,197**	169,619
	298,043	408,544

The Group has two reportable segments under HKFRS 8, (i) agricultural produce exchange market operation 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 revenue and results by reportable segment for the current and prior years:

	Agricultural produce exchange market operation		**Property sales**		**Unallocated**		**Consolidation**	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover								
External sales	**288,846**	238,925	**9,197**	169,619	**—**	—	**298,043**	408,544
Result								
Segment result	**(95,309)**	(3,307)	**(1,026)**	6,648	**—**	—	**(96,335)**	3,341
Other revenue and other income	**39,970**	8,873	**—**	13	**2,252**	759	**42,222**	9,645
Net gain in fair value of investment properties	**77,686**	671,065	**—**	—	**—**	—	**77,686**	671,065
Unallocated corporate expenses							**(83,651)**	(100,027)
(Loss)/profit from operations							**(60,078)**	584,024
Finance costs	**(43,832)**	(21,880)	**(731)**	—	**(187,427)**	(142,968)	**(231,990)**	(164,848)
(Loss)/profit before taxation							**(292,068)**	419,176
Income tax							**(44,001)**	(198,457)
(Loss)/profit for the year							**(336,069)**	220,719

The accounting policies of the reportable segments are the same as the Group's accounting policies describe in note 2, 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 (2013: Nil).

Segment assets and liabilities

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

	Agricultural produce exchange market operation		**Property sales**		**Consolidated**	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets						
Segment assets	**4,103,168**	3,922,216	**2,715,778**	1,646,691	**6,818,946**	5,568,907
Unallocated corporate assets					**87,079**	129,887
Consolidated total assets					**6,906,025**	5,698,794
Liabilities						
Segment liabilities	**2,134,593**	1,542,528	**535,721**	469,812	**2,670,314**	2,012,340
Unallocated corporate liabilities					**2,359,453**	2,065,606
Consolidated total liabilities					**5,029,767**	4,077,946

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 agriculture produce exchange market operation.

— all liabilities are allocated to reportable segments other than bonds, promissory notes and corporate liabilities.

Other segment information

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

	Agricultural produce exchange market operation		**Property sales**		**Unallocated**		**Consolidated**	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Capital expenditure - others	**169,378**	259,730	**—**	—	**2,213**	4,187	**171,591**	263,917
Net gain in fair value of investment properties	**77,686**	671,065	**—**	—	**—**	—	**77,686**	671,065
Unrealised (loss)/gain on financial assets at fair value through profit or loss	**—**	—	**—**	—	**(754)**	133	**(754)**	133
Depreciation and amortisation	**8,914**	5,800	**—**	—	**1,640**	743	**10,554**	6,543

Information about major customers

For the year ended 2014 and 2013, no other single customers contributed 10% or more to the Group's revenue.

Geographical information

As at the end of reporting period, the entire 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.

5. (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance costs

	2014	2013
	HK$'000	*HK$'000*
Interest on bank and other borrowings wholly repayable within five years	**186,314**	145,941
Interest on bank and other borrowings wholly repayable over five years	**15,645**	4,982
Interest on promissory notes	**25,238**	23,500
Interest on bonds	**19,326**	—
Less: — Amounts classified as capitalised into investment properties under construction	**—**	(8,768)
— Amounts classified as capitalised into stock of properties	**(14,533)**	(807)
	231,990	164,848

The weight average capitalisation rate on borrowing is 7.0% per annum (2013: 7.0%).

(b) Staff costs (including directors' emoluments)

	2014	2013
	HK$'000	*HK$'000*
Contributions to defined contribution retirement plans	**897**	685
Salaries, wages and other benefits	**132,029**	98,191
	132,926	98,876

(c) Other items

	2014	2013
	HK$'000	*HK$'000*
Depreciation and amortisation	**10,554**	6,543
Loss on disposal on property, plant and equipment	**184**	52
Auditors' remuneration		
— audit services	**1,600**	1,200
— other services	**200**	200
Operating lease charges: minimum lease payments		
— property rental	**4,219**	3,389
Unrealised loss on financial assets at fair value through profit or loss	**754**	—
Cost of stock of properties	**10,212**	135,928

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2014	2013
	HK$'000	*HK$'000*
Current tax		
— PRC enterprise income tax	**23,423**	53,508
Over provision in prior year	**(8,317)**	—
Deferred tax		
Origination and reversal of temporary difference	**28,895**	144,949
	44,001	198,457

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 2014 and 2013. 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% (2013: 25%).

7. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the years ended 31 December 2014 and 2013 respectively.

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss for the year attributable to owners of the Company of approximately HK$340,420,000 (2013: profit attributable to owners of the Company of approximately HK$154,980,000) and the weighted average number of 1,105,197,153 ordinary shares (2013 (Restated): 178,349,736 ordinary shares) in issue during the year.

For the year ended 31 December 2013, the weighted average number of ordinary shares for the purpose of basic earnings per share has been restated and adjusted with the effect of right issues and bonus issue which were occurred during the current year.

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share for the year ended 31 December 2014 and 2013 were the same as basic (loss)/earnings per share as there was no diluted event during the year.

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:

	The Group	
	2014	2013
	HK$'000	*HK$'000*
Less than 90 days	**4,668**	229
More than 90 days but less than 180 days	**896**	11
More than 180 days	**438**	10
	6,002	250

The Group generally allows an average credit period of 30 days to its trade customers. The Group may on a case by case basis, and after evaluation of the business relationships and creditworthiness of its customers, extend the credit period upon customers' report.

EXTRACT OF THE AUDITORS' REPORT

The following is an extract of the independent auditors' report on the Group's annual financial statements for the year ended 31 December 2014:

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 2014 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.

Emphasis of matter

Without qualifying our opinion, we draw attention to notes 2(b) and 35 to the consolidated financial statements which describe the uncertainty related to a court judgment, which found that share transfer agreements filed with the Ministry of Commerce ("**MOFCOM**") of the People's Republic of China (the "**PRC**") and the Wuhan Administration of Industry and Commerce ("**Hubei AIC**") in relation to the acquisition of Wuhan Baisazhou Agricultural By-product Grand Market Company Limited ("**Baisazhou Agricultural**") were void. The Company has been advised by its PRC legal advisor that the judgment will not directly lead to any immediate change of ownership of Baisazhou Agricultural and the Company continues to be the legal owner of Baisazhou Agricultural until and unless the revocation of the approval from MOFCOM and the registration of the transfer of shareholding by the Hubei AIC. The Company will take all necessary actions in the PRC as advised by its PRC legal advisor in response to the judgement.

The Group incurred a net loss of approximately HK$336,069,000 and the net operating cash outflow of approximately HK$919,537,000. 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 cash flows from 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 2014, the Group recorded a turnover of approximately HK$298.0 million, a decrease of approximately HK$110.5 million or approximately 27% from approximately HK$408.5 million for the previous financial year. The decrease was mainly attributable to the drop of properties sales of Yulin Hongjin Agricultural and By-Product Exchange Market ("**Yulin Market**") but slightly offset by the increase of income of other agricultural produce exchange projects.

The gross profit of the Group increased by approximately 12% to approximately HK$214.1 million from approximately HK$192.0 million for the previous financial year. The gross profit margin of the Group for the financial year was approximately 72% as compared to approximately 47% for the previous financial year. The sharp rise of gross profit margin was mainly due to that the property sale margin is lower than that of agricultural produce exchange market operation.

Net gain in fair value of investment properties

The net gain in fair value of investment properties of approximately HK$77.7 million (2013: approximately HK$671.1 million) was mainly due to the stagnant of property market and property management income of our projects.

Administrative expenses, selling expenses and finance cost

General and administrative expenses were approximately HK$287.7 million (2013: approximately HK$245.9 million). The increase was mainly due to new development cost in various projects and starting operations of Qinzhou Hongjin Agricultural and By-Product Exchange Market ("**Qinzhou Market**") and Kaifeng Hongjin Agricultural and By-Product Exchange Market ("**Kaifeng Market**"). Selling expenses were approximately HK$106.4 million (2013: approximately HK$42.8 million) and the increase was mainly due to the Group's increasing marketing and promotion expenses of Qinzhou Market and Kaifeng Market in 2014. Finance costs were approximately HK$232.0 million (2013: approximately HK$164.8 million) and such increase was mainly due to obtaining new interest bearing debts during the year under review.

Loss/profit attributable to the owners of the Company

The loss attributable to owners of the Company for the year was approximately HK$340.4 million as compared to last year of profit of approximately HK$155.0 million. The loss was mainly due to the sales recognition of shops in Yulin Market in 2013 but that effect decreased in 2014 as well as increase in administrative and selling expenses, finance cost and decrease in the growth rate of net gain in fair value of investment properties.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group had total cash and cash equivalents amounting to approximately HK$200.4 million (2013: approximately HK$267.4 million) whilst total assets and net assets were approximately HK$6,906.0 million (2013: approximately HK$5,698.8 million) and approximately HK$1,876.3 million (2013: approximately HK$1,620.8 million), respectively. The Group's gearing ratio as at 31 December 2014 was approximately 1.5 (2013: approximately 1.3), being a ratio of total bank and other borrowings, bonds and promissory notes of approximately HK$3,045.3 million (2013: approximately HK$2,442.0 million, being the total of bank and other borrowings and promissory notes), net of cash and cash equivalents of approximately HK$200.4 million (2013: approximately HK$267.4 million) to shareholders' funds of approximately HK$1,876.3 million (2013: approximately HK$1,620.8 million).

DIVIDENDS

The Directors do not recommend any payment of final dividend for the year ended 31 December 2014 (2013: Nil). No interim dividend was paid to the shareholders of the Company during the year under review (2013: Nil).

REVIEW OF OPERATIONS

During the year under review, the Group was principally engaged in the business of property management and sales in respect of agricultural produce exchanges in the PRC. Both the operating performance and market ranking of our markets remarked steady progress in 2014.

Wuhan Baisazhou Market

Located in the provincial capital of Hubei Province, the PRC, Wuhan Baisazhou Agricultural and By-Product Exchange Market ("**Wuhan Baisazhou Market**") is one of the largest agricultural produce exchange operators in the PRC. Wuhan Baisazhou Market is situated in the Hongshan District of Wuhan City with a site area of approximately 270,000 square metres and a total gross floor area of approximately 160,000 square metres. In January 2015, Wuhan Baisazhou Market was awarded "Top 10 Contribution to 30th Anniversary of National Agricultural Wholesale Markets" issued by China Agricultural Wholesale Market Association. This award is a recognition of the market contribution being made by the Group's effort and expertise in agricultural produce exchange market operation in the PRC.

During the period under review, the turnover of Wuhan Baisazhou Market continued to rise at the rate of approximately 17% compared with the corresponding period of last year. The continuous outstanding operating performance of Wuhan Baisazhou Market has established its reputation and track record to customers and tenants in Wuhan.

Yulin Market

Yulin Market is one of the largest agricultural produce exchanges in Guangxi Zhuang Autonomous Region, the PRC. It has various types of market stalls and multi-storey godown. The Group completed the construction of an extension to the phase two development of the Yulin Market which became a new growth driver for the Group. As an energetic member of the agricultural produce exchange market, Yulin Market became one of the key agricultural produce exchange markets in the Guangxi region.

On 18 June 2014, a subsidiary of the Company and the Yulin Land Bureau have entered into a termination agreement pursuant to which the parties agreed to terminate the confirmation letter dated 24 December 2012 in relation to the acquisition of the land use rights of a parcel of land in Yulin City of approximately 73,000 square metres. Details of the termination were disclosed in the announcement of the Company dated 20 June 2014. The Board did not consider the termination of the confirmation letter would have any material adverse impact on the operation and financial position of the Group.

During the period under review, revenue from property sale was approximately HK$9.2 million in 2014 (2013: approximately HK$169.6 million), representing a decrease of approximately 95% compared to the corresponding period of last year which mainly due to the decrease in property sales in 2014. The performance of agricultural produce exchange market operation was satisfactory, achieving a revenue growth of approximately 22% as compared with the corresponding period of last year.

Luoyang Market

Luoyang Hongjin Agricultural and By-Product Exchange Market ("**Luoyang Market**") is the flagship project of the Group in Henan Province, the PRC. Both occupancy rate and vehicles traffic were satisfactory. The site area of Luoyang Market is approximately 255,000 square metres with the gross floor area of approximately 160,000 square metres. After more than one-year operations, the business operations of Luoyang Market have been gradually improved.

Xuzhou 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, the PRC. The Xuzhou Market houses various market stalls, godowns and cold storage and is a major marketplace for the supply of fruit and seafood in the city and the northern part of Jiangsu Province.

The operating performance of Xuzhou Market was steady during the year under review. Xuzhou Market's income in 2014 mildly decreased by approximately 3% as compared to last year.

Puyang Market

Puyang Hongjin Agricultural and By-Product Exchange Market ("**Puyang Market**") is a market jointly operated by the Group and a local joint venture partner. The new cooperation with the joint venture partner remarks an innovative way of the Group's expansion strategy. During the period under review, the operating performance of Puyang Market achieved outstanding result and contributed a positive operating profit.

Kaifeng Market

Kaifeng Market, with the gross floor construction area of approximately 100,000 square metres, completed its construction during the period under review. Kaifeng Market is our third market in Henan Province, the PRC and facilitated the Group's expansion of its agricultural produce market network in Henan Province. Having commenced its operations in August 2014, Kaifeng Market will become a new income driver of the Group in the coming year.

Qinzhou Market

Qinzhou Market, with the gross floor construction area of approximately 189,000 square metres, completed its construction during the year under review. Qinzhou Market is our second market in Guangxi Zhuang Autonomous Region, the PRC and facilitated the Group's expansion of its agricultural produce market network in Guangxi Zhuang Autonomous Region. Having commenced its operations in August 2014, Qinzhou Market will become a new income engine contributed to the Group in the coming year.

Panjin and Huai'an Projects

With the commencement of construction development, Panjin Hongjin Agricultural and By-Product Exchange Market ("**Panjin Market**") which will focus on supplying crab and Huai'an Hongjin Agricultural and By-Product Exchange Market ("**Huai'an Market**") which will focus on supplying by-products food. The Group expects that Panjin Market and Huai'an Market will be a next driving momentum of the Group and will commence their operations in 2015.

MATERIAL ACQUISITIONS

Land acquisition of Panjin project

On 12 January 2014, the Group won a bid at the tender for three parcels of land in Panjin City of Liaoning Province, the PRC with an aggregate area of approximately 159,800 square metres for a consideration of approximately RMB29.1 million. This site will be developed into a new agricultural produce exchange market. Details of the transaction were disclosed in the company's announcement dated 20 January 2014.

Set up joint venture in Puyang Market

On 1 April 2014, the Group entered into a new joint venture agreement with a joint venture partner pursuant to which the total investment to be made to the joint venture company would increase from RMB2.8 million to RMB140 million, of which RMB105 million will be contributed by the Company's subsidiary in cash and RMB35 million will be contributed by the joint venture partner through injection of all the assets and resources within the designated area of an exchange market in Puyang City, the PRC currently owned and managed by the joint venture partner (including but not limited to the rights of land, building and warehouse). The joint venture company was established in March 2014. Details of the transaction were disclosed in the Company's announcement dated 1 April 2014.

Land acquisition of Wuhan project

On 24 April 2014, the Group won a bid at the tender for a parcel of land in Wuhan City of Hubei Province, with an aggregate area of approximately 162,000 square metres for a consideration of RMB74.1 million. Details of the transaction were disclosed in the Company's announcement dated 7 May 2014.

Land acquisition of Huai'an project

On 26 August 2014, the Group won a bid at the tender for a parcel of land in Huai'an City of Jiangsu Province, the PRC, with an aggregate area of approximately 48,000 square metres for a consideration of RMB44.0 million. Details of the transaction were disclosed in the Company's announcement dated 26 August 2014.

Prepayment of Chenzhou project

On 18 November 2014, the Group entered into the agreement in relation to the agricultural produce market project in Chenzhou City, the PRC. The Group agreed to make an interest-free prepayment of RMB28.8 million to the Chenzhou Beihu Government, the PRC upon the signing of the agreement for the expropriation of the lands and supporting the project development. Details of the transaction were disclosed in the Company's announcement dated 18 November 2014.

Set up joint venture in Huangshi market

On 20 November 2014, the Group entered into a new joint venture agreement with a joint venture partner to establish the joint venture company owned as to 80% by the Group and 20% by the joint venture partner for operating an agricultural produce market in Huangshi City, Hubei Province, the PRC. The Group would contribute RMB1.6 million and the joint venture partner would contribute RMB0.4 million as capital. On the even date, the joint venture company entered into a rental agreement with the joint venture partner for the transfer of the management rights of existing market at the consideration of RMB35.0 million and rent an existing market in Huangshi City at the annual rental fee of RMB1 million. Details of the transaction were disclosed in the Company's announcement dated 20 November 2014.

MEDIUM TERM NOTES AND BONDS

On 31 March 2014, the Company announced the placing of its HK$1 billion note. As at 31 December 2014, HK$400 million medium term notes (the "**Notes**") had been issued under the Notes programme and were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), with the net proceeds of approximately HK$147.2 million being raised. Details of the issue of the Notes were disclosed in the Company's announcements dated 31 March 2014 and 19 May 2014, respectively.

On 4 October 2014, the Company announced the issue of the two-year 8.5% coupon bonds in an aggregate principal amount of HK$200 million and the five-year 10.0% coupon bonds in an aggregate principal amount of HK$1,200 million (the "**Bonds**") through a placing agent and as well as subscription by Wang On Group Limited, Wai Yuen Tong Medicine Holdings Limited and PNG Resources Holdings Limited. The Bonds were issued on 28 November 2014. Details of the issue of the Bonds were disclosed in the Company's announcements dated 4 October 2014 and 28 November 2014, respectively.

On 19 November 2014, the Company announced the issue of 7.3% coupon bonds in an aggregate principal amount of HK$300 million through a placing agent. The bonds at all times rank subordinated to the Notes and the Bonds as mentioned in the Company's announcement dated 31 March 2014 and 4 October 2014. As of the date of this announcement, bonds in the principal amount of HK$13 million had been issued, with the net proceeds of approximately HK$8.8 million being raised. The Company has extended the placing period of the bonds for another three months. Details of the issue of bonds were disclosed in the Company's announcement dated 19 November 2014.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 31 December 2014, outstanding capital commitments, contracted but not provided for, amounted to approximately HK$270.7 million (2013: approximately HK$590.5 million) in relation to the purchase of property, plant and equipment, construction contracts and operating lease agreements. As at 31 December 2014, the Group had no significant contingent liabilities (2013: Nil).

As at 31 December 2014, the Group pledged land use right, properties and bank deposits with carrying amount of approximately HK$2,604.6 million (2013: approximately HK$1,836.0 million for investment properties) to certain banks for secured bank loans.

The Group did not have any outstanding foreign exchange contracts, interest or currency swaps or other financial derivatives as at 31 December 2014. 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.

LITIGATION

As disclosed in the announcements of the Company dated 11 January 2011, 22 May 2012, 19 June 2014, 4 July 2014, 13 January 2015 and 14 January 2015 in relation to the civil proceedings (the "**Legal Proceedings**") in the PRC commenced by Ms. Wang Xiu Qun ("**Ms. Wang**") and Wuhan Tian Jiu Industrial and Commercial Development Co., Ltd ("**Tian Jiu**") as plaintiffs against the Company as defendant and joined Wuhan Baisazhou Agricultural By-product Grand Market Company Limited ("**Baisazhou Agricultural**") as third party.

Ms. Wang and Tian Jiu sought an order from the court that the share transfer agreements alleged to be forged by Baisazhou Agricultural in relation to the acquisition of an aggregate 90% interest in Baisazhou Agricultural from Ms. Wang as to 70% thereof and Tian Jiu as to 20% thereof (the "**Contended Agreements**") were void and invalid from the beginning and should be terminated, and claimed against the Company and Baisazhou Agricultural all relevant profits of Baisazhou Agricultural which were attributable to Ms. Wang and Tian Jiu (the "**Profits Claim**"), together with costs of the Legal Proceedings. The Company received the judgment from the Higher People's Court of Hubei Province, the PRC (the"**Hubei Court**") in relation to the Legal Proceedings ("**Hubei Court Judgment**") in June 2014. In the Hubei Court Judgment, the Hubei Court dismissed the claims of Ms. Wang and Tian Jiu, and they were ordered to bear the legal costs of the Legal Proceedings. Ms. Wang and Tian Jiu filed an appeal notice to the Supreme People's Court of the PRC (the "**Supreme People's Court**"). On 13 January 2015, the Company received the judgment (the "**Beijing Judgment**") handed down from the Supreme People's Court in relation to Ms. Wang and Tian Jiu's appeal against the Hubei Court Judgment. In the Beijing Judgment, the Supreme People's Court ordered that (i) the Hubei Court Judgment be revoked; and (ii) the Contended Agreements were void.

As advised by the PRC legal advisers of the Company, (i) the Company can apply for re-trial within a period of 6 months from the date of receipt of the Beijing Judgment (i.e. 13 January 2015); (ii) the Supreme People's Court only ordered the Contended Agreements void, but it did not make any ruling regarding the acquisition; and (iii) the Beijing Judgment will not directly lead to any immediate change of ownership of Baisazhou Agricultural. The Company continues to be the legal owner of Baisazhou Agricultural until and unless the revocation of: (a) the approval from the PRC Ministry of Commerce issued in November 2007; and (b) the registration of the transfer of shareholding by the Wuhan Administration of Industry and Commerce. The Company will take all necessary actions in the PRC as advised by its PRC legal advisers in response to the Beijing Judgment.

FUND RAISING ACTIVITIES

2014 Capital Reorganisation, 2014 Rights Issue and the Bonus Issue

On 19 December 2013, the Company announced, inter alia, the capital reorganisation (the "**2014 Capital Reorganisation**") which took effect on 18 February 2014 pursuant to a special resolution passed at the special general meeting (the "**2014 SGM**") of the Company held on 17 February 2014 and the rights issue (the "**2014 Rights Issue**") and the bonus issue (the "**Bonus Issue**") which were passed at the 2014 SGM by an ordinary resolution, in which:

(a) the consolidation of the issued shares of the Company (the "**2014 Share Consolidation**") whereby every forty (40) shares of nominal value of HK$0.01 each in the issued share of the Company was consolidated into one (1) consolidated share of nominal value of HK$0.40 (the "**2014 Consolidated Share**");

(b) the reduction of the issued share capital of the Company (the "**2014 Capital Reduction**") whereby (i) the nominal value of all the issued 2014 Consolidated Shares was reduced from HK$0.40 each to HK$0.01 each (the "**2014 Adjusted Share(s)**") and the issued share capital of the Company was reduced to the extent of HK$0.39 per 2014 Consolidated Share; and (ii) any fractional 2014 Consolidated Shares in the issued share capital of the Company arising from the 2014 Share Consolidation was to be cancelled;

(c) applying the credit arising from the 2014 Capital Reduction to set off the accumulated loss of the Company;

(d) upon the 2014 Capital Reorganisation becoming effective, the Board also proposed to raise gross proceeds of approximately HK$514.6 million, before expenses, by way of the 2014 Rights Issue. Pursuant to the 2014 Rights Issue, the Company would allot and issue 1,106,619,045 rights shares (the "**2014 Rights Share(s)**") at the subscription price of HK$0.465 per 2014 Rights Share, on the basis of fifteen (15) 2014 Adjusted Shares for every one (1) 2014 Adjusted Share held at 4:00 p.m. on 28 February 2014 (i.e. the record date, being the date by reference to which entitlements to the 2014 Rights Issue would be determined); and

(e) subject to the satisfaction of the conditions of the 2014 Rights Issue, 73,774,603 bonus shares (the "**Bonus Share**") would be issued on the basis of one (1) Bonus Share for every fifteen (15) 2014 Rights Shares taken up under the 2014 Rights Issue.

The net proceeds of the 2014 Rights Issue were approximately HK$495.5 million and were intended to be applied as to (i) approximately HK$450 million for development of existing and future agricultural exchange projects, of which approximately HK$130 million would be utilised for the acquisitions of land in the PRC and approximately HK$320 million would be utilised for the payments of construction costs of the agricultural produce exchanges in the PRC; and (ii) the remaining balance of approximately HK$45.5 million would be utilised for general working capital of the Group of the Company. The then closing price of the share in the Company on 4 December 2014 was HK$0.113. As at 31 December 2014, (i) approximately HK$130 million had been utilised for acquisitions of land in the PRC; (ii) approximately HK$130 million had been utilised for the payment of the construction costs for phase one of the Kaifeng City project; (iii) approximately HK$55.0 million had been utilised for the payment of the construction costs for the Qinzhou City project; (iv) approximately HK$19.8 million had been utilised, and approximately HK$39.3 million had been earmarked for the construction costs of the Huai'an City project, and approximately HK$10.9 million would be utilised generally for this project; (v) approximately HK$65.0 million had been utilised for the payment of the construction costs for the Panjin City project; (vi) approximately HK$45.5 million had been applied as the general working capital of the CAP Group as intended. The 2014 Rights Issue and the Bonus Issue were completed on 21 March 2014. Details of the 2014 Capital Reorganisation, the 2014 Rights Issue and the Bonus Issue were disclosed in the Company's announcements dated 19 December 2013, 13 January 2014, 22 January 2014, 23 January 2014, 20 February 2014, 24 March 2014 and 11 July 2014, respectively.

Placing of new shares under general mandates

On 22 August 2014, the Company announced the placing of a total of 250 million shares in the Company (the "**Share(s)**") at a price of HK$0.33 per Share for a placing through a placing agent under the general mandate of the Company. The aggregate net proceeds were approximately HK$80.0 million, in which approximately HK$50.0 million was for the future development of existing/new agricultural produce exchanges and approximately HK$30.0 million was for the general working capital of the Group. The then closing price of the Shares on 22 August 2014 was HK$0.405 and the placing completed on 3 September 2014. As at 31 December 2014, approximately HK$27.7 million was utilised for the payment of construction costs for the Qinzhou City project, the Panjin City project and phase one of the Kaifeng City project; approximately HK$22.3 million was advanced to the Chenzhou City Beihu Government for land acquisition of a possible development project; and approximately HK$30.0 million was utilised for the general working capital of the Group as intended. Details of the placing were disclosed in the Company's announcements dated 22 August 2014 and 3 September 2014, respectively.

On 24 October 2014, the Company undertook a further placing of a total of 220 million Shares at a price of HK$0.27 per Share for a placing through a placing agent under the general mandate of the Company. The aggregate net proceeds were approximately HK$57.5 million, in which approximately HK$5.0 million was for repayment of debts, approximately HK$35.0 million was for fees and expenses incurred with the issue of Bonds and approximately HK$17.5 million was for the general working capital of the Group. The then closing price of the Shares on 24 October 2014 was HK$0.325 and the placing completed on 6 November 2014. As at 31 December 2014, approximately HK$5.0 million was utilised for the repayment of debts; approximately HK$35.0 million was utilised for the payment of the fees and expenses incurred in the issue of the Bonds; approximately HK$11.6 million was utilised as general working capital of the Group; and the remaining balance of approximately HK$5.9 million would be utilised as general working capital of the Group as intended. Details of the placing were disclosed in the Company's announcements dated 24 October 2014 and 6 November 2014, respectively.

2015 Capital Reorganisation and 2015 Rights Issue

On 8 January 2015, the Company announced, inter alia, the capital reorganisation (the "**2015 Capital Reorganisation**") which will take effect after the passing of the special resolution at the special general meeting (the "**2015 SGM**") of the Company and the rights issues (the "**2015 Rights Issue**") which is subject to, among others, the passing of the ordinary resolutions at the 2015 SGM, in which:

(a) the consolidation of the Shares (the "**2015 Share Consolidation**") whereby every eight (8) Shares of nominal value of HK$0.01 each in the Share was consolidated into one (1) consolidated Share of nominal value of HK$0.08 (the "**2015 Consolidated Share(s)**");

(b) the reduction of the issued share capital of the Company (the "**2015 Capital Reduction**") whereby (i) the nominal value of all the issued 2015 Consolidated Shares was reduced from HK$0.08 each to HK$0.01 each (the "**2015 Adjusted Share(s)**") and the issued share capital of the Company was reduced to the extent of HK$0.07 per 2015 Consolidated Share; and (ii) any fractional 2015 Consolidated Shares in the issued share capital of the Company arising from the 2015 Share Consolidation to be cancelled;

(c) applying the credit arising from the 2015 Capital Reduction to set off the accumulated loss of the Company;

(d) upon the 2015 Capital Reorganisation becoming effective, raising gross proceeds of approximately HK$517.3 million, before expenses, by way of the 2015 Rights Issue. Pursuant to the 2015 Rights Issue, the Company would allot and issue 1,724,168,248 rights shares (the "**2015 Rights Share**") at the subscription price of HK$0.3 per 2015 Rights Share, on the basis of eight (8) 2015 Adjusted Shares for every one (1) 2015 Adjusted Share.

The net proceeds from the 2015 Rights Issue is expected to be approximately HK$501.7 million. The 2015 Capital Reorganisation and the 2015 Rights Issues have not completed as of the date of this announcement. Details of the 2015 Capital Reorganisation and the 2015 Rights Issue were disclosed in the Company's announcements of the Company dated 8 January 2015, 29 January 2015 and 13 February 2015, respectively.

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2014, the Group had 1,883 (2013: 1,509) employees, approximately 97% 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.

PROSPECTS

Looking forward to 2015, the Group will strive to build a nationwide agricultural produce exchange network by leveraging on its leading position in the industry, readily replicable business model, well-advanced management system, information technology infrastructure and quality customer services. The Group has commenced the operations of Kaifeng Market in Henan and Qinzhou Market in Guangxi, bringing driving force of business development in 2015. The Group also expects that the commencement of operations of Huai'an Market in Jiangsu Province and Panjin Market in Liaoning Province in 2015 will be another force of momentum to the Group's business development.

Once again, agricultural issue is still the first policy for consecutive years by the PRC central government in 2015 under the document (the "**Document**") name of "the Number 1 Policy of 2015". The Document reflects the PRC government's intention to upgrade and invest in agricultural produce market, expand agricultural produce network, build logistic infrastructure and storage of agriculture and improve regional cold storage infrastructure. By capturing the opportunity brought by the government policy, the Group will continue to focus on intensifying its investment in agricultural by-products wholesale markets in the PRC.

Pioneering the strategic position of agricultural produce markets, the Group will endeavor to negotiate, build and expand the network of sizable wholesale market platform by establishing partnership or direct investment in the various provinces in the PRC. Combining the competitive strategic choice of successful business model and our professional experience in leading position in the industry coupling 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.

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 2014.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had complied with the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2014 except for the following deviation:

Code provision A.2.1

Mr. Chan Chun Hong, Thomas, the chairman of the Board, had assumed the role of chief executive officer after the resignation of Mr. Wong Koon Kui, Lawrence as chief executive officer and executive Director with effect from 8 May 2014 that deviated code provision A.2.1 of the CG Code. Mr. Chan has extensive executive and financial management experience and is responsible for overall corporate planning, strategic policy making and managing of day-to-day operations of the Group which is of great value in enhancing the efficiency to cope with the dynamic business environment. Furthermore, there are various experienced individuals in charge of the daily business operation and the Board comprises three executive Directors and three independent non-executive Directors with balance of skill and experience appropriate for the Group's further development. The Company does not propose to comply with code provision A.2.1 of the CG Code for the time being but will continue to review such deviation to enhance the best interest of the Group as a whole.

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, inter alia, 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 Ms. Lam Ka Jen, Katherine, Mr. Ng Yat Cheung and Mr. Lau King Lung, 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 2014.

PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnagri-products.com). The 2014 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 and Chief Executive Officer

Hong Kong, 17 February 2015

As at the date of this announcement, the executive Directors are Mr. Chan Chun Hong, Thomas, Mr. Leung Sui Wah, Raymond and Mr. Yau Yuk Shing, and the independent non-executive Directors are Mr. Ng Yat Cheung, Ms. Lam Ka Jen, Katherine and Mr. Lau King Lung.