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 2015

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 as the "**Group**") for the year ended 31 December 2015, 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 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Turnover	*4*	**365,192**	298,043
Cost of operation		**(127,473)**	(83,970)
Gross profit		**237,719**	214,073
Other revenue and other net income		**22,330**	42,222
General and administrative expenses		**(326,428)**	(287,670)
Selling expenses		**(55,095)**	(106,389)
Loss from operations before fair value change of investment properties and impairment		**(121,474)**	(137,764)
Net (loss)/gain in fair value of investment properties		**(33,223)**	77,686
Impairment loss on intangible assets		**(10,769)**	—
Written down of stock of properties		**(60,140)**	—
Loss from operations		**(225,606)**	(60,078)
Finance costs	*5(a)*	**(267,952)**	(231,990)
Loss before taxation	*5*	**(493,558)**	(292,068)
Income tax	*6*	**(382)**	(44,001)
Loss for the year		**(493,940)**	(336,069)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the year ended 31 December 2015

	Notes	**2015** **HK$'000**	2014 HK$'000
Other comprehensive loss, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(205,337)**	(82,077)
Other comprehensive loss for the year, net of income tax		**(205,337)**	(82,077)
Total comprehensive loss for the year, net of income tax		**(699,277)**	(418,146)
(Loss)/profit attributable to:			
Owners of the Company		**(489,117)**	(340,420)
Non-controlling interests		**(4,823)**	4,351
		(493,940)	(336,069)
Total comprehensive loss attributable to:			
Owners of the Company		**(676,051)**	(413,170)
Non-controlling interests		**(23,226)**	(4,976)
		(699,277)	(418,146)
Loss per share			
— Basic (restated)	*8(a)*	**HK$(1.65)**	HK$(11.64)
— Diluted (restated)	*8(b)*	**HK$(1.65)**	HK$(11.64)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	**2015**	2014
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**66,960**	72,546
Investment properties		**3,398,040**	3,554,194
Intangible assets		**24,244**	—
Goodwill		**6,444**	6,444
		3,495,688	3,633,184
Current assets			
Stock of properties		**2,831,975**	2,715,778
Trade and other receivables	*9*	**280,838**	231,749
Loan receivables		**7,140**	27,173
Financial assets at fair value through profit or loss		**3,662**	4,792
Pledged bank deposits		**147,974**	92,962
Cash and cash equivalents		**275,966**	200,387
		3,547,555	3,272,841
Current liabilities			
Deposits and other payables		**838,568**	973,209
Deposit receipts in advance		**629,880**	445,415
Bonds		**197,074**	—
Bank and other borrowings		**569,196**	434,534
Promissory notes		**376,000**	376,000
Income tax payable		**41,506**	41,413
		2,652,224	2,270,571
Net current assets		**895,331**	1,002,270
Total assets less current liabilities		**4,391,019**	4,635,454

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 31 December 2015

		2015	2014
	Notes	***HK$'000***	*HK$'000*
Non-current liabilities			
Bonds		**1,350,474**	1,503,117
Bank and other borrowings		**768,806**	731,620
Deferred tax liabilities		**493,953**	524,459
		2,613,233	2,759,196
Net assets		**1,777,786**	1,876,258
Capital and reserves			
Share capital		**4,653**	17,242
Reserves		**1,336,545**	1,406,049
Total equity attributable to owners of the Company		**1,341,198**	1,423,291
Non-controlling interests		**436,588**	452,967
Total equity		**1,777,786**	1,876,258

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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 properties in 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 all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (the "**Interpretations**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles generally accepted in Hong Kong, in addition, the consolidated financial statements include applicable disclosures required by the Hong Kong Companies Ordinance and by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

(b) Basis of preparation of financial statements

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 Hubei Province 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 judgment 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 judgment. For details, please refer to note 36 to the consolidated financial statements.

The Group incurred a net loss of approximately HK$493,940,000 and the net operating cash outflow of approximately HK$381,448,000. 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 cash flow position of the Group.

(1) *Alternative sources of external funding*

As stated in the joint announcement and the circular, on 30 October 2015, the Company entered into the underwriting agreement (as varied on 4 November 2015) with the Underwriter, whereby the Company proposed to raise gross proceeds of approximately HK$293 million before expenses, by way of the rights issue. Pursuant to the rights issue, the Company shall allot and issue 698,006,782 rights shares at the subscription price of HK$0.42 per rights share, on the basis of three (3) rights shares for every two (2) adjusted shares held on the record date. The rights issues was completed on 27 January 2016.

(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 agreement between the Company and each of Ms. Wang and Tian Jiu respectively) (the two instruments collectively as "**Instruments**") to any third party.

On 5 October 2012, the Company obtained a court order from the Court to the effect that undertakings (the "**Undertakings**") were given by Ms. Wang and Tian Jiu not to indorse, assign, transfer or negotiate the two instruments (purportedly described as promissory notes in the Sale and Purchase Agreement) (the "**Instruments**"), 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$542,200,000 included under other payables as at 31 December 2015.

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 Group has applied, for the first time, the following new standard, amendments and interpretations ("**new HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which are effective for the Group's financial year beginning 1 January 2015. A summary of the new HKFRSs are set out as below:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle

The applications of the above new HKFRSs have no material impact on 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 in the consolidated financial statement:

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[1]
HKAS 1 (Amendments)	Disclosure Initiative[1]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[1]
HKAS 27 (Amendments)	Equity method in Separate Financial Statements[1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities — Apply the Consolidation Exception[1]
Amendments to HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle[1]

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

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

3 Effective for annual periods beginning on or after a date to be determined.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. The Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

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:

	2015	2014
	HK$'000	*HK$'000*
Property rental income	**182,346**	166,887
Revenue from property ancillary services	**65,340**	50,385
Commission income from agricultural produce exchange market	**97,357**	71,574
Revenue from property sales	**20,149**	9,197
	365,192	298,043

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 revenues and results by reportable segment for the current and prior years:

	Agricultural produce exchange market operation		Property sales		Unallocated		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover								
External sales	**345,043**	288,846	**20,149**	9,197	**—**	—	**365,192**	298,043
Result								
Segment result	**21,209**	(95,309)	**2,635**	(1,026)	**—**	—	**23,844**	(96,335)
Other revenue and other income	**19,436**	39,970	**—**	—	**2,894**	2,252	**22,330**	42,222
Net (loss)/gain in fair value of investment properties	**(33,223)**	77,686	**—**	—	**—**	—	**(33,223)**	77,686
Impairment loss on intangible assets	**(10,769)**	—	**—**	—	**—**	—	**(10,769)**	—
Written down of stock of properties	**—**	—	**(60,140)**	—	**—**	—	**(60,140)**	—
Unallocated corporate expenses							**(167,648)**	(83,651)
Loss from operations							**(225,606)**	(60,078)
Finance costs	**(60,408)**	(43,832)		(731)	**(207,544)**	(187,427)	**(267,952)**	(231,990)
Loss before taxation							**(493,558)**	(292,068)
Income tax							**(382)**	(44,001)
Loss for the year							**(493,940)**	(336,069)

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 (2014: 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**	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets						
Segment assets	**4,084,627**	4,103,168	**2,831,974**	2,715,778	**6,916,601**	6,818,946
Unallocated corporate assets					**126,642**	87,079
Consolidated total assets					**7,043,243**	6,906,025
Liabilities						
Segment liabilities	**2,195,944**	2,134,593	**493,789**	535,721	**2,689,733**	2,670,314
Unallocated corporate liabilities					**2,575,724**	2,359,453
Consolidated total liabilities					**5,265,457**	5,029,767

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

— all assets are allocated to reportable segments other than corporate assets. Goodwill and intangible assets are 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	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Capital expenditure — others	**87,302**	169,378	**—**	—	**5,344**	2,213	**92,646**	171,591
Net (loss)/gain in fair value of investment properties	**(33,223)**	77,686	**—**	—	**—**	—	**(33,223)**	77,686
Impairment loss on intangible assets	**(10,769)**	—	**—**	—	**—**	—	**(10,769)**	—
Written down of stock of properties	**—**	—	**(60,140)**	—	**—**	—	**(60,140)**	—
Unrealised loss on financial assets at fair value through profit or loss	**—**	—	**—**	—	**(1,130)**	(754)	**(1,130)**	(754)
Depreciation and amortisation	**18,620**	8,914	**—**	—	**2,292**	1,640	**20,912**	10,554

Note

(i) Capital expenditure consists of additions to property, plant and equipment, investment properties and intangible assets.

Information about major customers

For the year ended 2015 and 2014, 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 BEFORE TAXATION

Loss before taxation is arrived after charging:

(a) Finance costs

	2015	2014
	HK$'000	*HK$'000*
Interest on bank and other borrowings wholly repayable within five years	**89,899**	186,314
Interest on bank and other borrowings wholly repayable over five years	**2,356**	15,645
Interest on promissory notes	**23,500**	25,238
Interest on bonds	**165,899**	19,326
Less: — Amounts classified as capitalised into stock of properties	**(13,702)**	(14,533)
	267,952	231,990

The weighted average capitalisation rate on borrowing is 7% per annum (2014: 7%).

(b) Staff costs (including directors' emoluments)

	2015	2014
	HK$'000	*HK$'000*
Contributions to defined contribution retirement plans	**876**	897
Salaries, wages and other benefits	**132,038**	132,029
	132,914	132,926

(c) Other items

	2015	2014
	HK$'000	*HK$'000*
Depreciation and amortisation	**20,912**	10,554
Loss on disposal on property, plant and equipment	**1,163**	184
Auditors' remuneration		
— audit services	**2,200**	1,600
— other services	**410**	200
Operating lease charges: minimum lease payments		
— property rental	**3,498**	4,219
Unrealised loss on of financial assets through profit or loss	**1,130**	754
Cost of stock of properties	**13,682**	10,212

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:

	2015	2014
	HK$'000	*HK$'000*
Current tax		
— PRC enterprise income tax	**7,387**	23,423
Over provision in prior year	**—**	(8,317)
Deferred tax		
Origination and reversal of temporary difference	**(7,005)**	28,895
	382	44,001

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 2015 and 2014. 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% (2014: 25%).

7. DIVIDEND

The directors do not recommend the payment of any dividend in respect of the years ended 31 December 2015 and 2014 respectively.

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK$489,117,000 (2014: loss attributable to owners of the Company of approximately HK$340,420,000) and the weighted average number of 296,714,710 ordinary shares (2014: restated 29,255,219 ordinary shares) in issue during the year.

For the year ended 31 December 2014, the weighted average number of ordinary shares for the purpose of basic earnings per share has been restated and adjusted with the effect of rights issue and share consolidation which were occurred during the current year.

(b) Diluted loss per share

Diluted loss per share for the year ended 31 December 2015 and 2014 were the same as basic 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:

	2015	2014
	HK$'000	*HK$'000*
Less than 90 days	**3,311**	4,668
More than 90 days but less than 180 days	**1,155**	896
More than 180 days	**1,508**	438
	5,974	6,002

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 auditor's report on the Group's annual financial statements for the year ended 31 December 2015:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2015 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 36 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 Hubei Province 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 "**Revocation and Transfer**"). As of the date of this report, the Revocation and Transfer has not yet completed. The Company will take all necessary actions in the PRC as advised by its PRC legal advisor in response to the judgment and the Revocation and Transfer. The Group incurred a net loss of approximately HK$493,940,000 and the net operating cash outflow of approximately HK$381,448,000. 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 2015, the Group recorded a turnover of approximately HK$365.2 million, an increase of approximately HK$67.2 million or approximately 23% from approximately HK$298.0 million for the last year. The increase was mainly attributable to the properties sales of Huai'an Hongjin Agricultural and By-Product Exchange Market ("**Huai'an Market**") and the increase of income of other agricultural produce exchange projects.

The gross profit of the Group increased by approximately 11% to approximately HK$237.7 million from approximately HK$214.1 million for the last year. The gross profit margin of the Group for the financial year was approximately 65% as compared to approximately 72% for the last year. The decrease in gross profit margin was mainly due to the lower margin for the property sales than that of agricultural produce exchange market operation and the increase of operating cost from our newly opened agricultural markets.

Net loss in fair value of investment properties and written down of stock of properties

The net loss in fair value of investment properties of approximately HK$33.2 million (2014: net gain of approximately HK$77.7 million) and the written down of stock of properties of approximately HK$60.1 million (2014: Nil) were mainly due to the stagnant property market environment in the PRC in 2015.

General and administrative expenses, selling expenses and finance costs

General and administrative expenses were approximately HK$326.4 million (2014: approximately HK$287.7 million). The increase was mainly due to new development cost in various projects and commencement of operations in Huai'an Market and Panjin Hongjin Agricultural and By-Product Exchange Market ("**Panjin Market**"). Selling expenses were approximately HK$55.1 million (2014: approximately HK$106.4 million). The decrease in selling expenses was mainly due to the implementation of cost saving policies in the Group's marketing and promotion events in 2015. Finance costs were approximately HK$268.0 million (2014: approximately HK$232.0 million) and such increase was mainly due to obtaining new interest bearing debts during the year under review.

Loss attributable to owners of the Company

The loss attributable to owners of the Company for the year was approximately HK$489.1 million as compared to that of last year of approximately HK$340.4 million. The loss was mainly due to the sales recognition of shops in Yulin Market in 2014 but that effect decreased in 2015, the increase in general and administrative expenses and finance costs and the decrease of net gain in fair value of investment properties.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group's total cash and cash equivalents amounting to approximately HK$276.0 million (2014: approximately HK$200.4 million) whilst total assets and net assets were approximately HK$7,043.2 million (2014: approximately HK$6,906.0 million) and approximately HK$1,777.8 million (2014: approximately HK$1,876.3 million), respectively. The Group's gearing ratio as at 31 December 2015 was approximately 1.6 (2014: approximately 1.5), being a ratio of total bank and other borrowings, bonds and promissory notes of approximately HK$3,261.6 million (2014: approximately HK$3,045.3 million), net of cash and cash equivalents and pledged bank deposits of approximately HK$276.0 million and approximately HK$148.0 million (2014: approximately HK$200.4 million and approximately HK$93.0 million) to shareholders' funds of approximately HK$1,777.8 million (2014: approximately HK$1,876.3 million).

DIVIDENDS

The Directors do not recommend any payment of final dividend for the year ended 31 December 2015 (2014: Nil). No interim dividend for 2015 was paid to the shareholders of the Company during the year under review (2014: Nil).

REVIEW OF OPERATIONS

During the year under review, the Group was principally engaged in management and sales of properties in agricultural produce exchange markets in the PRC. Both the operating performance and market ranking of our markets made steady progress in 2015.

1. **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 310,000 square metres. In December 2015, Wuhan Baisazhou Market was ranked 5th out of top 100 national agricultural wholesale markets by China Agricultural Wholesale Market Association. This award recognized the Group's contribution to the market and its effort as well as expertise to the agricultural produce exchange market operators in the PRC.

During the year under review, the turnover of Wuhan Baisazhou Market continued to rise at the rate of approximately 8% as compared to that of last year. The ongoing outstanding operating performance of Wuhan Baisazhou Market had established its reputation and track record amongst customers and tenants.

2. **Yulin Market**

Yulin Hongjin Agricultural and By-Product Exchange Market ("**Yulin Market**") was one of the largest agricultural produce exchanges in Guangxi Zhuang Autonomous Region ("**Guangxi Region**"), the PRC. It consisted of a variety 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 being considered a new growth driver for the Group. As an energetic agricultural produce exchange market, Yulin Market's continuously remarkable performance proved it having become one of the key agricultural produce exchange markets in the Guangxi Region. Yulin Market received the "Important Leading Corporation" award from Guangxi Agricultural Business Meeting held in 2015 and the "Honor Certificate" issued by Agricultural Unit of Guangxi Zhuang Autonomous Region in 2015. These awards not only proved the market recognition but also established a good reputation for our potential customers as a good foundation for our future development.

Yulin Market's operating performance was satisfactory and had achieved a growth of approximately 13% in revenue as compared to the last year.

3. **Luoyang Market**

Luoyang Hongjin Agricultural and By-Product Exchange Market ("**Luoyang Market**") was 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 was approximately 255,000 square metres with a gross floor area of approximately 160,000 square metres. The business of Luoyang Market had gradually improved after the first year's operations. In December 2015, Luoyang Market was placed as one of the top 100 national agricultural wholesale markets by China Agricultural Wholesale Market Association. The award not only proved the market recognition but also established a good reputation for our potential customers as a good foundation for our future development.

4. **Xuzhou Market**

Xuzhou Agricultural and By-Product Exchange Market ("**Xuzhou Market**") occupied approximately 200,000 square metres and was located in the northern part of Jiangsu Province, the PRC. The market housed various market stalls, godowns and cold storage. Xuzhou Market was a major marketplace for the supply of fruit and seafood in the city and the northern part of Jiangsu Province, the PRC. In December 2015, Xuzhou Market was ranked 37th among top 100 agricultural wholesale markets by China Agricultural Wholesale Market Association. The award not only proved the market recognition but also established a good reputation for our potential customers as a good foundation for our future development.

The operating performance of Xuzhou Market was steady. Being a mature market of the Group, Xuzhou Market's income in 2015 mildly decreased by approximately 8% as compared to that of last year due to the fluctuation of fruit and vegetable price affect transaction fee.

5. **Puyang Market**

Puyang Hongjin Agricultural and By-Product Exchange Market ("**Puyang Market**") is one of our joint venture projects with a local partner. During the year under review, the operating performance of Puyang Market achieved a satisfactory result with an increment of 30% in turnover as compared to that of last year contributing a positive operating profit to the Group.

6. **Kaifeng Market**

Kaifeng Hongjin Agricultural and By-Product Exchange Market ("**Kaifeng Market**"), with a gross floor construction area of approximately 130,000 square metres, was completed during the year under review. Kaifeng Market was the third point of market operations for facilitating the Group to build an agricultural produce market network in Henan Province, the PRC. After the commencement of operations in August 2014, Kaifeng Market was still in the business development stage during the financial year. It is expected that the performance of Kaifeng Market will gradually improve after the market becomes more mature.

7. **Qinzhou Market**

Qinzhou Hongjin Agricultural and By-Product Exchange Market ("**Qinzhou Market**"), with a gross floor construction area of approximately 180,000 square metres, was completed during the year under review. Qinzhou Market was the second point of market operations and facilitated the Group to build its agricultural produce market network in Guangxi Region. Having commenced its operations in September 2014, the business and operating performance of Qinzhou Market was satisfactory.

8. **Huangshi Market**

Following the completion of acquisition of Huangshi Hongjin Agricultural and By-Product Exchange Market ("**Huangshi Market**") in January 2015, Huangshi Market was one of the Group's new joint venture projects in Hubei Province, the PRC. Huangshi city was a county level city in Hubei and around 100 kilometres away from Wuhan Baisazhou Market. Huangshi Market, as the second tier agricultural produce exchange market, created synergy with Wuhan Baisazhou Market for increasing the volume of vegetable and by-products trading. During the year under review, the operating performance of Huangshi Market was satisfactory, bringing positive operating cashflow to the Group. After the full establishment of Wuhan Baisazhou Market, Huangshi Market and Huanggang Market, a more comprehensive agricultural produce exchange network would be built in Hubei Province, the PRC which would strengthen the synergy effect for this district.

9. Huai'an Market

In June 2015, the Group entered into a joint venture agreement to establish a joint venture, namely Huai'an Hongjin Qingjiang Agri-Products Exchange Wholesale Market Company Limited, with certain local partners for, inter alia, reallocating the resources of a local market to our existing market for creating better synergy effect. Phase one of Huai'an Market commenced its operations in October 2015 and was in development stage. It is expected that the performance of Huai'an Market will gradually improve after the market becomes more mature.

10. Panjin Market

The phase one of Panjin Market with the construction area of around 50,000 square metres commenced operations in August 2015 and was the first attempt of the Group's investment in Liaoning Province, the PRC. Panjin Market focused on the trading of river crabs and was still in the preliminary stage of operation development. It is expected that the performance of Panjin Market will gradually improve after the market becomes more mature.

11. Huanggang Market

Huanggang Hongjin Agricultural and By-Product Exchange Market ("**Huanggang Market**") was the third second-tier agricultural produce exchange market in Hubei Province, the PRC. Huanggang city was a county level city in Hubei Province, the PRC and around 100 kilometres away from Wuhan Basaizhou Market. Huanggang Market commenced its operations in September 2015 and was still at its preliminary stage of development. After the full establishment of Wuhan Baisazhou Market, Huangshi Market and Huanggang Market, a more comprehensive agricultural produce exchange network would be built in Hubei Province, the PRC which would strengthen the synergy effect to be achieved for this district.

RISK FACTORS RELATING TO OUR INDUSTRY AND BUSINESS OPERATIONS

The Group operated 11 agri-products exchange markets in various cities in the PRC. In view of the ever-changing business environment in the PRC, the Group considered that our risks and challenges include, among others: (i) currency fluctuation regarding the exchange of Renminbi against Hong Kong dollars affecting PRC assets and liabilities translation from Renminbi to Hong Kong dollars in financial reporting; (ii) obtaining adequate financing, including equity and debt financing to support our agri-products exchange market business that was capital intensive; (iii) preserving or enhancing our competitive position in the agri-products exchange markets industry; (iv) maintaining or enhancing the level of occupancy at our agri-products exchange markets; (v) obtaining all appropriate licenses and permits for the development, construction, operations and acquisition of agri-products exchange markets; and (vi) impact from PRC national and local laws and regulations, in particular those laws and regulations relating to agri-products exchange markets.

DEPENDENCE OF EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group adopts market remuneration practices by reference to market terms, company performance and individual qualifications as well as performance with well and organized management structure, no key and specific employee would materially and significantly affect the Group's success. Meanwhile, for the year ended 31 December 2015, the percentages of sales and purchases attributable to the Group's five largest customers and suppliers were less then 30% and no major suppliers cannot be replaced by other appropriate suppliers. In this connection, no customers and suppliers would have any material impact on the success of the Group's business performance.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The operations and development of agri-products exchange markets are subject to a variety of environmental laws and regulations during the construction and operations of agri-products exchange markets. The Group is committed to promoting the sustainable development of both the environment and the society, complying with all applicable environmental laws and regulations and co-operating with the relevant environmental authorities in the PRC. PRC laws and regulations require environmental impact assessments conducted by independent environmental consultants on all of our construction projects. The environmental investigations conducted to date have not revealed any environmental liability that would be expected to have a material adverse effect on our business condition. Upon construction completion of each market, the environmental authorities will inspect the site to ensure compliance with all applicable environmental standards.

MATERIAL ACQUISITIONS

Setup of Joint Venture in Huai'an Market

On 3 June 2015, the Group entered into an agreement with certain joint venture partners to consolidate the resources of Huai'an Hongjin Agri-Products Logistics Exchange and Huai'an Qingjiang Agri-Products Exchange, both located in Huai'an city of Jiangsu Province, the PRC. Details of the transaction were disclosed in the Company's announcement dated 3 June 2015.

Land Acquisition of Yulin Market

On 30 December 2015, the Group won a bid at the tender for a parcel of land in Yulin city of Guangxi Region, with an area of approximately 73,333 square metres for a consideration of RMB32.95 million. The land acquisition was intended to expand the Group's existing project and network of Yulin Market. Details of the transaction were disclosed in the Company's announcement dated 30 December 2015.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 31 December 2015, outstanding capital commitments, contracted but not provided for, amounted to approximately HK$304.6 million (2014: approximately HK$270.7 million) in relation to the purchase of property, plant and equipment, construction contracts and operating lease agreements. As at 31 December 2015, the Group had contingent liabilities in the amount of approximately HK$0.1 million in relation to the guarantees provided by a wholly owned subsidiary of the Company to our customers in favor of a bank for the loans provided by the bank to the customers of our project (2014: Nil).

As at 31 December 2015, the Group pledged the land use rights, properties and bank deposits with an aggregate carrying amount of approximately HK$3,005.0 million (2014: approximately HK$2,604.6 million for land use rights, properties and bank deposits) to secure certain bank borrowings.

The Group did not have any outstanding foreign exchange contracts, interest or currency swaps or other financial derivatives as at 31 December 2015. The revenue, operating costs and bank deposits of the Group were mainly denominated in Renminbi and Hong Kong dollars. Due to the currency fluctuation of Renminbi, the Group had been considering alternative risk hedging tools to mitigate Renminbi currency exchange risk.

DEBT PROFILES AND FINANCIAL PLANNING

As at 31 December 2015, interest bearing debt profile of the Group were analysed as follows:

	Outstanding Amount *HK$'000*	Approximate annual effective interest rate *(per annum)*
Bond Issuances	1,547,548	11%
Financial Institution Borrowings	1,069,123	6%
Non-Financial Institution Borrowings	268,879	11%
Promissory Notes	376,000	5%
Total	**3,261,550**	

In order to meet interest bearing debts and business capital expenditure for, inter alia, the increase of land bank and/or payment of construction costs for the development of our agri-products exchange markets, the Group had been from time to time considering various financing alternatives including but not limited to new share placing, rights issue of new shares, financial institution borrowings, non-financial institution borrowings, bonds issuance, convertible notes, other debt financial instruments, disposal of investment properties and sales of stock of property inventories.

FUND RAISING ACTIVITIES

1/2015 Capital Reorganisation and 1/2015 Rights Issue

On 8 January 2015, the Company announced, inter alia, a capital reorganisation (the "**1/2015 Capital Reorganisation**") and a rights issue of 1,724,168,248 rights shares at the price of HK$0.3 per rights share ("**1/2015 Rights Issue**"), both of which were approved by the shareholders of the Company at a special general meeting of the Company held on 8 April 2015 and were completed on 9 April 2015 and 14 May 2015, respectively. The closing price of the shares in the Company as at 23 December 2014 was HK$0.214. The net proceeds raised from the 1/2015 Rights Issue were approximately HK$501.7 million, of which (i) approximately HK$20.0 million was intended to be used for land or new project acquisition opportunities; (ii) approximately HK$205.5 million was intended to be utilized for payment of construction costs in the PRC; (iii) approximately HK$229.9 million was intended to be used for repayment of indebtedness; and (iv) approximately HK$46.3 million was intended to be utilized for general working capital. As at 31 December 2015,

(i) approximately HK$18.8 million was utilized for land acquisition opportunities in Puyang city project; (ii) approximately HK$18.8 million, approximately HK$69.0 million, approximately HK$76.9 million and approximately HK$14.4 million were utilized for payment of construction costs of Huai'an Market, Kaifeng Market, Panjin Market and Yulin Market, respectively; (iii) approximately HK$229.9 million was utilized for repayment of indebtedness; and (iv) approximately HK$46.3 million was used for general working capital of the Group (the major component of which was operating expenses, such as rental and salary expenses).

Details of the 1/2015 Capital Reorganisation and the 1/2015 Rights Issue were disclosed in the announcements of the Company dated 8 January 2015, 29 January 2015, 8 April 2015, 13 May 2015, 26 May 2015 and 16 June 2015, the circular of the Company dated 13 March 2015 and the prospectus of the Company dated 21 April 2015.

11/2015 Capital Reorganisation and 11/2015 Rights Issue

On 4 November 2015, the Company announced, inter alia, a capital reorganisation (the "**11/2015 Capital Reorganisation**") and a rights issue of 698,006,782 rights shares at the price of HK$0.42 per rights share ("**11/2015 Rights Issue**"). Both of which were approved by the shareholders of the Company at a special general meeting of the Company held on 21 December 2015. The closing price of the shares in the Company as at 30 October 2015 was HK$0.117. The 11/2015 Capital Reorganisation and the 11/2015 Rights Issue were completed on 22 December 2015 and 28 January 2016 (i.e. after the year under review), respectively.

The net proceeds of the 11/2015 Rights Issue were approximately HK$283.0 million in which approximately HK$264 million was intended to be utilized for the repayment of borrowings and interests of the Group and the remaining balance of approximately HK$19 million was intended to be utilized for general working capital. Details of the 11/2015 Capital Reorganisation and the 11/2015 Rights Issue were disclosed in the announcements of the Company dated 4 November 2015 and 27 January 2016, the circular of the Company dated 27 November 2015 and the prospectus of the Company dated 5 January 2016, respectively.

Placing of New Shares

On 23 June 2015, the Company entered into a shares placing agreement (the "**Shares Placing Agreement**") with Kingston Securities Limited (the "**Placing Agent**") in relation to a placing of 387,000,000 ordinary shares (the "**Placing**") in the Company with the nominal value of HK$3,870,000 to not less than six placees who were independent third parties under the general mandate of the Company. The Placing represented an opportunity for the Company to raise capital while broadening its shareholder and capital base. The closing price of the shares in the Company as at 23 June 2015 was HK$0.390.

Due to the change in market conditions, the Company subsequently entered into a supplemental agreement dated 10 July 2015 to the Shares Placing Agreement, inter alia, amend the placing price from HK$0.315 per placing share to HK$0.245 per placing share. The closing price of the shares in the Company as at 10 July 2015 was HK$0.295 and the net price per placing share (after deducting expenses) was approximately HK$0.217. The Placing under the Share Placing Agreement was completed on 27 July 2015 and 387,000,000 placing shares were issued. The Company raised net proceeds of approximately HK$84 million under the Placing, which was intended to be utilized as to (i) approximately HK$65 million for the development of new or existing agricultural produce exchange projects in the PRC; and (ii) approximately HK$19 million for general working capital of the Group. As at 31 December 2015, (i) approximately HK$12.5 million, approximately HK$42.1 million, approximately HK$6.9 million, approximately HK$0.4 million and approximately HK$3.1 million were utilized for the construction or development costs of Huangshi Market, Kaifeng Market, Huai'an Market, Luoyang Market and Yulin Market, respectively; and (ii) approximately HK$19 million was utilized for general working capital of the Group (the major component of which was operating expenses, such as rental and salary expenses). Details of the Placing were disclosed in the announcements of the Company dated 7 July 2015, 16 July 2015 and 27 July 2015, respectively.

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, 14 January 2015, 28 May 2015, 8 January 2016 and 11 January 2016 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 Claims**"), together with costs of the Legal Proceedings. The Company received the judgment from the Higher People's court of Hubei Province, the PRC ("**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. The Supreme People's Court ordered that (i) the Hubei Court Judgment be revoked; and (ii) the Contended Agreements were void.

The Company noted that Ms. Wang and Tian Jiu had jointly commenced legal proceedings against the Ministry of Commerce ("**MOFCOM**") alleging that MOFCOM failed to discharge its statutory duties for handling their application submitted in January 2015 for revoking the certificate of approval and letter of approval in relation to the Contended Agreements (the "**Application**"). The cases have been accepted by the Beijing Second Intermediate People's Court ("**Beijing Court**") in May 2015. Each of the Company and Baisazhou Agricultural had made an application to join the cases as third party and the Company's application has been accepted by the Beijing Court in May 2015. The Company received a judgment dated 31 December 2015 on 8 January 2016 (the "**Judgment**") issued by the Beijing Court, by which the Beijing Court demanded MOFCOM to handle the Application again within 30 days. MOFCOM has 15 days from the date of service of the Judgment to appeal the Judgment. As of the date of this announcement, the Company has not received any update of the above.

In May 2015, the Company issued a writ against Ms. Wang and Tian Jiu which was accepted by the Hubei Court. According to the Beijing Judgment, the HK$1,156 million sale and purchase agreement (the "**SPA**") (as disclosed by the Company in its announcement dated 10 May 2007) shall be the actual agreement being performed by the Company, Ms. Wang and Tian Jiu. The Company seeks an order from the Hubei Court that Ms. Wang and Tian Jiu shall assist Baisazhou Agricultural to discharge its contractual duties under the SPA to make the necessary filing with MOFCOM.

In June 2015, the Company submitted an application to the Supreme People's Court for a retrial requesting that the Beijing Judgment to be set aside. On 22 December 2015, the Supreme People's Court dismissed the Company's petition (the "**December 2015 Judgment**"). The Company received the December 2015 Judgment on 7 January 2016 (i.e. after the year under review) and was seeking legal advice from its PRC legal advisors on the steps to be taken following the December 2015 Judgment.

As advised by the PRC legal advisors of the Company, (i) the Supreme People's Court only ordered the Contended Agreements void, but it did not make any ruling regarding the acquisition; and (ii) 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 MOFCOM issued in November 2007; and (b) the registration of the transfer of shareholding by the Hubei Administration for Industry and Commerce. The Company will take all necessary actions in the PRC as advised by its PRC legal advisors in response to the Beijing Judgment. On 15 February 2016, an inquiry was held by MOFCOM where the relevant parties to the legal proceedings were invited to attend and make submissions. No decision has been made by the MOFCOM so far. The Company will also continue to liaise with MOFCOM and closely monitor any further developments and/or any action that MOFCOM may take.

For other detailed information of litigation cases, please refer to note 36 to the financial statements.

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group had 1,951 employees (2014: 1,883), approximately 98% of whom were located in the PRC. The Group's remuneration policy was reviewed periodically by the remuneration committee and the Board's remuneration is determined by reference to market terms, company performance, and individual qualifications and performance. The Group aimed to recruit, retain and develop competent individuals who were committed to the Group's long-term success and growth. Remunerations and other benefits of employees were reviewed annually in response to both market conditions and trends, and were based on qualifications, experience, responsibilities and performance.

PROSPECTS

Looking forward to 2016, the Group will continue to build a nationwide agricultural produce exchange network by leveraging on its leading position in the industry, readily replicable business model, well-advanced management system, information technology infrastructure and quality customer services.

In 2015, State Council, Ministry of Commerce and Ministry of Agriculture issued various policies in accelerating the pace of development of "Internet Plus" policy. The Group is paying high attention to the government policies in the support of internet development. In order to grasp the opportunities arising from the "Internet Plus" policy issued by the PRC government, the Group had taken initial steps to establish our e-commerce platform to complement our physical, online and logistic network for providing a more comprehensive service package for customers. It is expected that e-commerce through internet development will change the business environment of traditional agricultural exchange market. The Group will be mindful for the change and get well prepared for this new electronic business model.

Once again, agricultural issue is still the first policy for consecutive years of the PRC central government in 2016 under the document named "the Number 1 Policy of 2016". The document promises to upgrade investment in agriculture produce market, expand agricultural produce network, build logistic infrastructure and storage of agriculture and improve regional cold storage infrastructure. On the other hand, the "One Belt, One Road" policy will drive the overall growth of the PRC economy and prepare a sustainable way for the PRC's continuing development. By capturing the opportunities of government policies, the Group will continue to focus on intensifying its investment in agricultural by-products wholesale markets in the PRC and closely monitor the development of the policies for adjusting our business strategies to maximize the profit to the Company and its shareholders.

Pioneering the strategic position of agricultural products markets, the Group will endeavor to negotiate, build and expand the network of sizable wholesale market platform by establishing partnership or subcontracting management in our projects in various provinces in the PRC. Combining the competitive strategic choice of successful business model, brand name building up of "Hongjin" in the PRC and our professional experiences and leading position in the industry, the Group is confident that this strategy and business model will deliver long term benefits to the Company and its shareholders as a whole.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

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 2015 except for the following deviation:

Code provision A.2.1

Mr. Chan Chun Hong, Thomas, the chairman of the Board, also assumed the role of chief executive officer after the resignation of the then chief executive officer and executive Director of the Company 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, internal controls and risk management. 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 2015.

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 2015 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, 3 March 2016

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.