CHINA AGRI-PRODUCTS EXCHANGE LIMITED
中國農產品交易有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 0149)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

INTERIM RESULTS

The board of directors (the "**Board**" or the "**Director(s)**") of China Agri-Products Exchange Limited (the "**Company**") announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2017, together with the comparative figures for the corresponding period in 2016. These interim condensed consolidated financial statements were not audited, but have been reviewed by HLB Hodgson Impey Cheng Limited ("**HLB**"), the Group's external auditors, and the audit committee of the Company (the "**Audit Committee**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		For the six months ended 30 June	
		2017	2016
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	*3*	**365,354**	439,941
Cost of operation		**(188,372)**	(236,444)
Gross profit		**176,982**	203,497
Other revenue and other net income		**7,054**	25,162
General and administrative expenses		**(119,923)**	(139,806)
Selling expenses		**(20,846)**	(20,897)
Profit from operations before fair value change of investment properties and impairment		**43,267**	67,956
Net gain/(loss) in fair value of investment properties		**49,645**	(55,176)
Change in fair value of derivative financial instruments		**(39,085)**	—
Written down of stock of properties		**—**	(18,383)

	Notes	For the six months ended 30 June **2017** **(Unaudited)** ***HK$'000***	 2016 (Unaudited) *HK$'000*
Profit/(loss) from operations		**53,827**	(5,603)
Finance costs	*4*	**(137,144)**	(135,112)
Loss before taxation	*5*	**(83,317)**	(140,715)
Income tax	*6*	**(9,296)**	5,799
Loss for the period		**(92,613)**	(134,916)
Other comprehensive income/(loss), net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**87,014**	(89,044)
Other comprehensive income/(loss) for the period, net of income tax		**87,014**	(89,044)
Total comprehensive loss for the period, net of income tax		**(5,599)**	(223,960)
(Loss)/profit attributable to:			
Owners of the Company		**(95,805)**	(137,538)
Non-controlling interests		**3,192**	2,622
		(92,613)	(134,916)
Total comprehensive (loss)/profit attributable to:			
Owners of the Company		**(8,256)**	(218,971)
Non-controlling interests		**2,657**	(4,989)
		(5,599)	(223,960)
Loss per share			
— Basic	*8*	**HK$0.07**	HK$0.13
— Diluted	*8*	**HK$0.07**	HK$0.13

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2017 (Unaudited) HK$'000	As at 31 December 2016 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**59,394**	60,897
Investment properties		**4,286,261**	4,211,566
Intangible assets		**15,153**	18,183
		4,360,808	4,290,646
Current assets			
Stock of properties		**991,994**	938,516
Trade and other receivables	*9*	**225,254**	266,874
Loan receivables		**31,338**	30,421
Financial assets at fair value through profit or loss		**62,704**	100,645
Pledged bank deposit		**16,100**	—
Cash and cash equivalents		**152,291**	330,102
		1,479,681	1,666,558
Current liabilities			
Deposits and other payables	*10*	**675,406**	699,414
Deposit receipts in advance		**479,371**	656,336
Bank and other borrowings		**442,151**	276,202
Promissory notes		**376,000**	376,000
Income tax payable		**42,444**	42,718
		2,015,372	2,050,670
Net current liabilities		**(535,691)**	(384,112)
Total assets less current liabilities		**3,825,117**	3,906,534
Non-current liabilities			
Bonds		**1,348,963**	1,335,866
Bank and other borrowings		**481,831**	591,701
Convertible bonds		**253,461**	413,116
Deferred tax liabilities		**411,274**	406,845
		2,495,529	2,747,528
Net assets		**1,329,588**	1,159,006

	As at 30 June 2017 (Unaudited) *HK$'000*	As at 31 December 2016 (Audited) *HK$'000*
Capital and reserves		
Share capital	**16,588**	11,633
Reserves	**956,953**	793,983
Total equity attributable to owners of the Company	**973,541**	805,616
Non-controlling interests	**356,047**	353,390
Total equity	**1,329,588**	1,159,006

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

1. BASIS OF PREPARATION

(a) Statement of compliance

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

The Interim Financial Statements has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of Interim Financial Statements in conformity with HKAS 34 requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

(b) Basis of preparation of Interim Financial Statements

Going concern basis

As disclosed in the interim financial statements, share transfer agreements filed with the Ministry of Commerce ("**MOFCOM**") of the People's Republic of China (the "**PRC**") and the Hubei 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. On 23 May 2016, the Company received a decision issued by MOFCOM dated 19 May 2016 (the "**MOFCOM's Decision**") to the effect, inter alia, that approval issued in November 2007 in relation to the contended agreements shall not be revoked and shall remain to be in force. On 18 April 2017, the Company received the judgement of the Beijing Second Intermediate People's Court (the "**Beijing Court**") dated 31 March 2017 (the "**31 March Judgement**"). According to the 31 March Judgement, the request made by Ms. Wang Xiu Qun ("**Ms. Wang**") and Wuhan Tian Jiu Industrial and Commercial Development Co., Ltd. ("**Tian Jiu**") to revoke the MOFCOM's Decision lacked both legal and factual basis and was not supported by the Beijing Court. Accordingly, the Beijing Court dismissed the application of Ms. Wang and Tian Jiu. On 10 May 2017, the Company received a notice of appeal dated 8 May 2017 (the "**Notice of Appeal**"). By the Notice of Appeal, Ms. Wang and Tian Jiu appealed against the 31 March Judgement and requested for an order that (a) the 31 March Judgement be set aside and ; (b) that MOFCOM to make a decision to revoked the approval issued in 2007 in relation to the contended agreements. The Company will take necessary actions in the PRC as advised by its PRC legal advisor in response to the Notice of Appeal.

The Group incurred a net loss of approximately HK$92,613,000 and the Group's net current liabilities exceeded its current assets by approximately HK$535,691,000. 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 of 30 June 2017, the total outstanding amount of bank and other borrowings, bonds and convertible bonds of the Group was approximately HK$2,526,406,000. Among the said sum of approximately HK$2,526,406,000, a sum of approximately HK$639,483,000 (which include payment of principal of bank and other borrowing, bonds and convertible bonds and their relevant interest), was due for repayment by 30 June 2018. The Group is in the process of negotiating with some of these lenders for potential renewal or extension of those outstanding amounts. As to the others, where appropriate, the Group will also take steps to negotiate with them for potential renewal or extension.

As stated in the joint announcement of the Company dated 26 July 2017, the Company proposed to raise gross proceeds of not less than approximately HK$1,045.1 million and not more than approximately HK$1,299.9 million, before expenses, by way of the rights issue. Pursuant to the rights issue, the Company shall allot and issue not less than 2,322,382,489 rights shares and not more than 2,888,682,489 rights shares at the subscription price of HK$0.45 per rights share, on the basis of seven (7) rights shares for every one (1) adjusted share held on the record date.

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

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

On 9 June 2017, the Court ordered that the terms of the Undertakings be varied to allow Ms. Wang and Tian Jiu to make a counterclaim under this action without affecting the other terms of the Undertakings.

The Instruments are recorded at book value at approximately HK$376,000,000, together with interest payable in the amount of approximately HK$201,488,000 as at 30 June 2017.

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, the light of the various measures/arrangements implemented after the end of reporting period together with the expected results of the other measures, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the Directors are satisfied that it is appropriate to prepare the Interim Financial Statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have been made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the Interim Financial Statements.

2. APPLICATION OF NEW AND REVISED HKFRSs

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

The Group has adopted the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**")(which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these Interim Financial Statements.

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the revised HKFRSs has had no significant financial effect on these Interim Financial Statements and there have been no significant changes to the accounting policies applied in these Interim Financial Statements.

3. SEGMENT REPORTING

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

An analysis of the Group's revenues and results by reportable segment for the six months ended 30 June 2017 and 2016:

	Agricultural produce exchange market operation		Property sales		Unallocated		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Turnover								
External sales	**156,693**	165,198	**208,661**	274,743	**—**	—	**365,354**	439,941
Result								
Segment result	**30,398**	32,290	**60,467**	75,617	**—**	—	**90,865**	107,907
Other revenue and other net income	**5,434**	22,494	**—**	—	**1,620**	2,668	**7,054**	25,162
Net gain/(loss) in fair value of investment properties	**49,645**	(55,176)	**—**	—	**—**	—	**49,645**	(55,176)
Change in fair value of derivative financial instruments	**—**	—	**—**	—	**(39,085)**	—	**(39,085)**	—
Written down of stock of properties	**—**	—	**—**	(18,383)	**—**	—	**—**	(18,383)
Unallocated corporate expense					**(72,765)**	(65,113)	**(54,652)**	(65,113)
Profit/(loss) from operations							**53,827**	(5,603)
Finance costs	**(23,468)**	(25,193)	**—**	—	**(113,676)**	(109,919)	**(137,144)**	(135,112)
Loss before taxation							**(83,317)**	(140,715)
Income tax							**(9,296)**	5,799
Loss for the period							**(92,613)**	(134,916)

Segment assets and liabilities

An analysis of the Group's assets and liabilities by reportable segment as at 30 June 2017 and 31 December 2016:

	Agricultural produce exchange market operation		Property sales		Consolidated	
	2017	2016	**2017**	2016	2017	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Assets						
Segment assets	**4,705,175**	4,709,840	**991,994**	938,516	**5,697,169**	5,648,356
Unallocated corporate assets					**143,320**	308,848
Consolidated total assets					**5,840,489**	5,957,204
Liabilities						
Segment liabilities	**1,580,747**	1,617,433	**401,752**	556,937	**1,982,499**	2,174,370
Unallocated corporate liabilities					**2,528,402**	2,623,828
Consolidated total liabilities					**4,510,901**	4,798,198

4. FINANCE COSTS

	For the six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings wholly repayable within five years	**31,822**	40,322
Interest on bank and other borrowings wholly repayable over five years	**290**	322
Interest on bonds	**93,282**	83,708
Interest on promissory notes	**11,750**	11,750
Less: — amounts classified as capitalised into stock of properties	**—**	(990)
	137,144	135,112

5. LOSS BEFORE TAXATION

	For the six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss before taxation has been arrived at after charging the following items:		
Depreciation and amortisation	**9,857**	10,291
Change in fair value of derivative financial instruments	**39,085**	—
Loss on disposal of property, plant and equipment	**124**	279

6. INCOME TAX

	For the six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
— PRC enterprise income tax	**5,351**	14,600
Deferred tax		
— Origination and reversal of temporary differences	**3,945**	(20,399)
	9,296	(5,799)

No provision for Hong Kong Profits Tax has been made in the Interim Financial Statements as the Company and its subsidiaries had no assessable profits in both periods. PRC Enterprise Income Tax is computed to the relevant legislation interpretations and practices in respect thereof during the period. PRC Enterprise Income Tax rate is 25% (2016: 25%)

7. DIVIDENDS

The Directors do not propose the payment of any interim dividend in respect of the period under review (six months ended 30 June 2016: Nil).

8. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK$95,805,000 (six months ended 30 June 2016: approximately HK$137,538,000) and weighted average number of approximately 1,390,479,996 ordinary shares (period from 1 January 2016 to 30 June 2016: approximately 1,074,791,268). The diluted loss per share for the period ended 30 June 2017 was the same as the basic loss per share as the convertible bonds outstanding had an anti-dilutive effect on the basic loss per share.

The diluted loss per share for the period ended 30 June 2016 were the same as the basic loss per share as there were no diluted potential ordinary shares in issue during the six months ended 30 June 2016.

9. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period ranging from 30 days to its trade customers. Included in trade and other receivables are trade receivables of approximately HK$15,948,000 (31 December 2016: approximately HK$15,084,000) and their aged analysis at each reporting period is as follow:

	As at 30 June 2017 *HK$'000* **(Unaudited)**	As at 31 December 2016 *HK$'000* (Audited)
Less than 90 days	**9,752**	6,252
More than 90 days but less than 180 days	**316**	5,672
More than 180 days	**5,880**	3,160
Total trade receivables	**15,948**	15,084
Deposit for land acquisition	**74,061**	97,685
Other deposits	**3,449**	16,694
Prepayments	**81,991**	91,691
Other receivables	**49,805**	45,720
	225,254	266,874

10. DEPOSITS AND OTHER PAYABLES

	As at 30 June 2017	As at 31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Accrued charges	**40,495**	21,914
Construction payables	**86,720**	95,520
Deposit received	**82,265**	66,184
Interest payables	**232,166**	213,634
Other tax payables	**48,896**	30,139
Other payables	**184,864**	272,023
	675,406	699,414

11. INDEPENDENT REVIEW

The Interim Financial Statements for the six months ended 30 June 2017 is unaudited, but has been reviewed by HLB, in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the HKICPA. The Interim Financial Statements has also been reviewed by the Audit Committee.

EXTRACT FROM REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The following is an extract of the independent auditors' review report on the Group's interim financial information for the six months ended 30 June 2017:

Conclusion

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

Emphasis of Matter

We draw attention to notes 1(b) and 18 to the interim financial information which describe a court judgement, 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 Administration of Industry and Commerce ("**Hubei AIC**") in relation to the acquisition of Wuhan Baisazhou Agricultural By-Product Grand Market Company Limited ("**Baisazhou Agricultual**") were void. On 23 May 2016, the Company received a decision issued by MOFCOM dated 19 May 2016 (the "**MOFCOM's Decision**") to the effect, inter alia, that approval issued in November 2007 in relation to the contended agreements shall not be revoked and shall remain to be in force. On 18 April 2017, the Company received the judgement of the Beijing Second Intermediate People's Court (the "**Beijing Court**") dated 31 March 2017 (the "**31 March Judgement**"). According to the 31 March Judgement, the request made by Ms. Wang Xiu Qun ("**Ms. Wang**") and Wuhan Tian Jiu Industrial and Commercial Development Co., Ltd. ("**Tian Jiu**") to revoke the MOFCOM's Decision lacked both legal and factual basis and was not supported by the Beijing Court. Accordingly, the Beijing Court dismissed the application of Ms. Wang and Tian Jiu. On 10 May 2017, the Company received a notice of appeal dated 8 May 2017 (the "**Notice of Appeal**"). By the Notice of Appeal, Ms. Wang and Tian Jiu appealed against the 31 March Judgement and requested for an order that (a) the 31 March Judgement be set aside; and (b) that MOFCOM to make a decision to revoked the approval issued in 2007 in relation to the contended agreements. The Company will take necessary actions in the PRC as advised by its PRC legal advisor in response to the Notice of Appeal. The Group incurred a net loss of approximately HK$92,613,000 and, as of that date, the Group's net current liabilities exceeded its current assets by approximately HK$535,691,000. Notwithstanding the above, the interim financial information have been prepared on a going concern basis, the validity of which is dependent on the Group's ability to extend its short-term borrowings upon maturity, obtain long-term financing facilities to re-finance its short-term borrowings, and derive adequate 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. As stated in note 1(b), these event or conditions, along with other matters as set forth in note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INTERIM DIVIDEND

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2017 (for the six months ended 30 June 2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Financial Results

Turnover, gross profit and segment result

For the six months ended 30 June 2017 (the "**Period**"), the Group recorded a turnover of approximately HK$365 million (for the six months ended 30 June 2016: approximately HK$440 million), representing a decrease of approximately 17% compared to the corresponding period of last year. The below table summarises the key financial performance of the Group:

	For the period ended 30 June 2017			For the period ended 30 June 2016		
HK$ million and approximate %	**Agricultural Produce Exchange Market Operation**	**Property Sales**	**Total**	Agricultural Produce Exchange Market Operation	Property Sales	Total
Turnover	**156**	**209**	**365**	165	275	440
Gross Profit	**111**	**66**	**177**	112	91	203
Segment Result	**30**	**61**	**91**	32	76	108
Gross Profit to Turnover	**71%**	**32%**	**48%**	68%	33%	46%
Segment Result to Turnover	**19%**	**29%**	**25%**	19%	28%	25%

The decrease in income was mainly due to a decrease in recognition of sales of properties of the agricultural and by-product exchange markets in Yulin city ("**Yulin Market**") and Qinzhou city ("**Qinzhou Market**") in Guangxi Zhuang Autonomous Region ("**Guangxi**") in the first half of 2017 as compared to the same period of 2016. Due to fluctuation of exchange rate of Renminbi, the turnover of the agricultural and by-product exchange market operations resulted in a slight decrease. The Group recorded a gross profit and a segment result of approximately HK$177 million and approximately HK$91 million, respectively (for the six months ended 30 June 2016: approximately HK$203 million and approximately HK$108 million, respectively), representing a decrease of approximately 13% and a decrease of approximately 16%, respectively, as compared to the corresponding period of last year mainly due to the abovementioned decrease in property sales recognition.

Other revenue and other net income

The Group recorded other revenue and other net income of approximately HK$7 million (for the six months ended 30 June 2016: approximately HK$25 million). The decrease was mainly due to a decrease in government subsidies from Huai'an Hongjin Agricultural and By-Product Exchange Market ("**Huai'an Market**") and Panjin Hongjin Agricultural and By-Product Exchange Market ("**Panjin Market**") in the Period as compared to the corresponding period in 2016.

General and administrative expenses, selling expenses and finance costs

The Group recorded general and administrative expenses of approximately HK$120 million (for the six months ended 30 June 2016: approximately HK$140 million) mainly due to tight control of operating expenses as well as a slowdown in new project development. Selling expenses were approximately HK$21 million (for the six months ended 30 June 2016: approximately HK$21 million) during the Period, the slight decrease in selling expenses of the agricultural produce exchanges in the Period being due to the implementation of cost tightening control measures in marketing and promotion expenses. Finance costs were approximately HK$137 million (for the six months ended 30 June 2016: approximately HK$135 million). Such increase was mainly due to obtaining new interest-bearing debts and the issuance of convertible notes in late 2016.

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

The net gain in fair value of investment properties was approximately HK$50 million (for the six months ended 30 June 2016: net loss of approximately HK$55 million). No stock of property value was written down during the Period (for the six months ended 30 June 2016: approximately HK$18 million). The above differences as compared to the same period in 2016 were mainly due to maintaining similar price level of fair value of property prices during the Period deriving from the agricultural produce exchange markets in the People's Republic of China (the "**PRC**").

Change in fair value of derivative financial instruments

During the Period, change in fair value of derivative financial instruments was approximately HK$39 million (for the six months ended 30 June 2016: Nil) due to the exercise of conversion rights under the convertible notes issued by the Company in October 2016 and the decrease in share price of the Company during the Period.

Loss attributable to owners of the Company

The loss attributable to owners of the Company was approximately HK$96 million (for the six months ended 30 June 2016: approximately HK$138 million). The decrease in loss recorded in the Period as compared to the six months ended 30 June 2016 was mainly due to the decrease in the loss in fair value of investment properties and the decrease in administrative expenses as compared to the same period in 2016.

REVIEW OF OPERATIONS

The Group is principally engaged in the business of management and sales of properties in agricultural produce exchange markets in the PRC.

Wuhan Baisazhou Market

Located in the provincial capital of Hubei province, 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 and a total gross floor area of approximately 190,000 square metres. Wuhan Baisazhou Market was awarded "Top 50 of agricultural products supply chain contributors" by China Agricultural Wholesale Market Association. This award is a testament to the Group's effort and expertise in being an outstanding performance agricultural produce exchange market operator in the PRC.

During the Period, the turnover of Wuhan Baisazhou Market decreased at the rate of approximately 10% compared with the corresponding period of last year. Wuhan Baisazhou Market has established its reputation to customers and tenants.

Yulin Market

Yulin Market is one of the largest agricultural produce exchange markets in Guangxi. It has various types of market stalls and multi-storey godown, with a site area of approximately 415,000 square metres and a total gross floor area of approximately 196,000 square metres. The Group has completed the construction of an extension to the phase two development of Yulin Market which became a new growth driver for the Group. In order to achieve the diversification of business portfolio, Yulin Market introduced seafood trading as one of its new product sectors. As an energetic member of the Group, the business operations of Yulin Market's capability in becoming one of the key agricultural produce exchange markets in the Guangxi region is promising. The performance of Yulin Market was satisfactory during the Period, achieving property sales recognition contributed to the Group.

Luoyang Market

The agricultural and by-product exchange market in Luoyang, Henan province ("**Luoyang Market**") is one of the flagship projects of the Group and the first agricultural produce exchange market project in Henan province. The site area of Luoyang Market is approximately 255,000 square metres with a gross floor area of approximately 225,000 square metres. In the first half of 2017, the operating performance and occupancy rate of Luoyang Market had gradually improved. As a result of this improvement, Luoyang Market has brought positive contribution to the Group.

Xuzhou Market

The agricultural and by-product exchange market in Xuzhou, Jiangsu province ("**Xuzhou Market**") occupies approximately 200,000 square metres and is located in the northern part of Jiangsu province. The market houses various market stalls and godowns. Xuzhou Market 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. Income for the Period was approximately HK$22 million (for the six months ended 30 June 2016: approximately HK$25 million), representing a decrease of approximately 12% compared to the corresponding period of last year which was mainly due to the drop in fruit and vegetable prices, in turn, affecting the commission income to Xuzhou Market.

Puyang Market

Puyang Hongjin Agricultural and By-Product Exchange Market ("**Puyang Market**") is one of the Group's joint venture projects with the local partner in Henan province. In order to adapt to the local situation, the manpower and operations in Puyang Market are localized. This strategy proved to be successful. During the Period, the operating performance of Puyang Market achieved a satisfactory result with a slight increase in turnover as compared to the same period of last year.

Kaifeng Market

Kaifeng Hongjin Agricultural and By-Product Exchange Market ("**Kaifeng Market**") had a gross floor construction area of approximately 120,000 square metres. Kaifeng Market was the third point of market operation for facilitating the Group to build an agricultural produce market network in the Henan province. During the Period, Kaifeng Market was still in the business development stage and the Group expects it will take more time to attract customers and buyers.

Qinzhou Market

Qinzhou Market comprised site area of approximately 266,000 square metres and is located in the highway entrance of Qinzhou city in Guangxi where is the key member of Beibu Bay of Guangxi. Qinzhou Market is the second major agricultural exchange market in Guangxi. During the Period, property sales recognition from Qinzhou Market was satisfactory.

Huangshi Market

Huangshi Hongjin Agricultural and By-Product Exchange Market ("**Huangshi Market**") is the Group's new joint venture project in Hubei province. Huangshi city is a county level city in Hubei province and around 100 kilometers away from Wuhan Baisazhou Market. Huangshi Market, as a second-tier agricultural produce exchange market, creates synergy with Wuhan Basaizhou Market for increasing vegetable and by-products trading. During the Period, the operating performance of Huangshi Market was satisfactory.

Huai'an Market

Huai'an Market is located in Huai'an city in Jiangsu province. Phase one of the market has commenced its operations and it is expected that the business performance of Huai'an Market will need more time in order to achieve a better result.

Panjin Market

Panjin Market is located in Panjin city of Liaoning province with a construction gross floor area of around 50,000 square metres. This is the first agricultural produce exchange market in Liaoning province and the Group expects that it will take more time to build up the business operations of this market.

Electronic Commerce Development

Starting from 2016, the Group has put resources into electronic commerce development linking online and offline customers in our agricultural exchange markets. Our website and mobile phone applications of trading platform provide one-stop shopping experience to our customers. Due to the tight control of operating expenses of the Group, the management has slowed down the electronic commerce development and strengthened the existing resources of customer base and transactions in electronic commerce business.

MATERIAL TRANSACTIONS

Termination of acquisition of pawn loan business

In December 2016, the Company announced the entering of, inter alia, (i) a conditional sale and purchase agreement with 11 vendors, including amongst them CITIC Asset Management Corporation Ltd. ("**CITIC AMC**"), under which the Company conditionally agreed to acquire the right and power to control over and the right to enjoy the economic benefits in the pawn loan business operated by CITIC XinBang Asset Management Corporation Ltd. (the "**Acquisition**") at an aggregate consideration of HK$3,116,632,579 which is to be satisfied by the issue and allotment of new shares of the Company at the issue price of HK$1.35 per share in the Company; and (ii) a subscription agreement with 3 subscribers for the subscription of 114,400,626 shares in the Company at the subscription price of HK$1.35 per share in the Company (the "**Subscription**").

On 17 May 2017, for commercial reasons, the Company entered into (i) a termination agreement with the vendors to terminate the sale and purchase agreement; and (ii) a termination agreement with the subscribers to terminate the share subscription agreement, and hence the Acquisition and the Subscription did not proceed. Details of the above were disclosed in the announcements of the Company dated 4 December 2016 and 17 May 2017, respectively.

Extension of payment date on outstanding bonds interest

On 29 May 2017 and 4 July 2017 (i.e. after the Period), the Company entered into the agreements for extension of payment date on outstanding bond interest with a subsidiary of Wai Yuen Tong Medicine Holdings Limited, a subsidiary of Wang On Group Limited and a subsidiary of Easy One Financial Group Limited, respectively, in the aggregate amount of approximately HK$58 million from 29 May 2017 to 30 November 2017. Details of the above were disclosed in the announcements of the Company dated 29 May 2017 and 26 July 2017, respectively. Please also see the section "Liquidity and Financial Resources" below regarding the Company's plan to meet the financial obligations under the loans.

FUND RAISING ACTIVITIES

Capital reorganisation, rights issue and issue of convertible notes

On 26 July 2017 (i.e. after the Period), the Company announced, inter alia, a capital reorganisation whereby, among other things, every 5 shares of HK$0.01 each in the issued share capital of the Company will be consolidated into 1 consolidated share (the "**Capital Reorganisation**") and a rights issue (the "**Rights Issue**") of a minimum of 2,322,382,489 rights shares or a maximum of 2,888,682,489 rights shares (depending on whether the conversion rights under the convertible notes issued by the Company in 2016 will be exercised or not before the record date for the Rights

Issue) on the basis of 7 rights shares for every 1 consolidated share at the price of HK$0.45 per rights share (the "**Rights Share(s)**"). The proposed Capital Reorganisation and the Rights Issue are each subject to shareholders' approval. The Company also entered into the agreements with Kingston Securities Limited and Key High Limited (a wholly-owned subsidiary of Wai Yuen Tong Medicine Holdings Limited), respectively, on 4 July 2017 in relation to the placing and issue of convertible notes in the aggregate principal amount of HK$400 million at the initial conversion price of HK$0.58 per convertible share (the "**Convertible Notes**"). The total net proceeds raised from the Rights Issue and the Convertible Notes will be not less than approximately HK$1,403.8 million and not more than approximately HK$1,658.7 million depending on the number of Rights Shares to be issued, out of which approximately HK$877 million was intended to be utilized towards repayment of bonds and loans due to the subsidiaries of Wang On Group Limited, Wai Yuen Tong Medicine Holdings Limited and Easy One Financial Group Limited, approximately HK$58 million was intended to be utilized towards repayment of the outstanding interests, approximately HK$441 million to approximately HK$695 million was intended to be utilized towards repayment of the outstanding bank and other borrowings and the remaining balance of approximately HK$28 million was intended to be utilized for general working capital. Details of the Capital Reorganisation, the Rights Issue and the issue of Convertible Notes were disclosed in the announcement of the Company dated 26 July 2017.

The Rights Issue is conditional upon, among others, the Listing Committee of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") granting and not having withdrawn or revoked the listing of, and the permission to deal in, the adjusted shares after the Capital Reorganisation and the Rights Shares (in both nil-paid and fully-paid forms) by no later than the first day of their dealings.

As disclosed in the announcement of the Company dated 26 July 2017 (after the Period), the Company received negative feedback from the Listing Division of the Stock Exchange. Based on information provided to it, the Listing Division is concerned with the substantial dilution of non-subscribing minority shareholders' interests. The Company has not yet demonstrated, to the satisfaction of the Listing Division, that the terms of the Rights Issue are fair and reasonable. The Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong (the "**Executive**") is concerned whether the proposed transactions are oppressive to the minority shareholders and contrary to the General Principles of the Hong Kong Code on Takeovers and Mergers.

The Board does not share the same view in respect of the above concerns from the Stock Exchange and the Executive and has taken steps to address the Stock Exchange and the Executive's concerns. Shareholders and potential investors should note that, unless and until the Company addresses the above concerns to the satisfaction of the Stock Exchange, the Stock Exchange will not grant listing approval to deal in the adjusted shares and the Rights Shares and if so the Rights Issue and the issue of Convertible Notes will not proceed and will lapse.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2017, the Group had total cash and cash equivalents, including pledged bank deposits,amounting to approximately HK$168 million (31 December 2016: approximately HK$330 million) whilst total assets and net assets were approximately HK$5,840 million (31 December 2016: approximately HK$5,957 million) and approximately HK$1,330 million (31 December 2016: approximately HK$1,159 million), respectively. The Group's gearing ratio as at 30 June 2017 was approximately 2.1 (31 December 2016: approximately 2.3), being a ratio of the total of bank and other borrowings, bonds and promissory notes of approximately HK$2,902 million (31 December 2016: approximately HK$2,993 million), net of cash and cash equivalents, including pledged bank deposit, of approximately HK$168 million (31 December 2016: approximately HK$330 million) to total shareholders' funds of approximately HK$1,330 million (31 December 2016: approximately HK$1,159 million).

After the Period, the Directors reviewed the current cash flow position of the Company and noted that the Group is in need of additional funds from financing activities so as to be able to repay debt when it falls due over the next few months. Given the significant uncertainties as to whether the Rights Issue and the issue of Convertible Notes will proceed, in the absence of alternate financing from other sources, the Company's ability to meet its cash flow needs over the next few months is uncertain.

CAPITAL COMMITMENTS, PLEDGES AND CONTINGENT LIABILITIES

As at 30 June 2017, outstanding capital commitments, contracted but not provided for, amounted to approximately HK$199 million in relation to the purchase of property, plant and equipment, and construction contracts (31 December 2016: approximately HK$194 million).

As at 30 June 2017, the Group pledged the land use rights, properties and bank deposits with an aggregate carrying value of approximately HK$2,374 million (31 December 2016: approximately HK$2,269 million) to secure certain financial institutions borrowings.

As at 30 June 2017, the Group had significant contingent liabilities in the amount of approximately HK$16 million in relation to the guarantees provided by a wholly-owned subsidiary of the Company to our customers in favour of a bank for the loans provided by the bank to the customers of our project (31 December 2016: approximately HK$15 million).

The Group did not have any outstanding foreign exchange contracts, interest or currency swaps or other financial derivatives as at 30 June 2017. The revenue, operating costs and bank deposits of the Group are mainly denominated in Renminbi and Hong Kong dollars. The Group will monitor its foreign exchange exposure and consider alternative risk hedging tools when necessary.

DEBT PROFILES AND FINANCIAL PLANNING

As at 30 June 2017 and 31 December 2016, the interest bearing debt profiles in the consolidated balance sheet of the Group were analysed as follows:

	30 June 2017		31 December 2016	
	Approximate carrying amount	**Approximate effective interest rate**	Approximate carrying amount	Approximate effective interest rate
	HK$ million	***(per annum)***	*HK$ million*	*(per annum)*
Bonds	**1,349**	**11%**	1,336	11%
Convertible Bonds	**253**	**12%**	413	12%
Financial Institution Borrowings	**718**	**6%**	707	6%
Non-Financial Institution Borrowings	**206**	**11%**	161	11%
Promissory Notes	**376**	**5%**	376	5%
Total	**2,902**		2,993	

As at 30 June 2017, the bonds will be matured during the period from November 2019 to September 2024; the convertible notes will be matured in October 2021; the financial institution borrowings will be matured during the period from July 2017 to November 2023; the non-financial institution borrowings will be matured during the period from August 2017 to August 2018 and the holders of the promissory notes gave an undertaking not to indorse, assign, transfer or negotiate the promissory notes and enforce payment by presentation of the promissory notes until the final determination of a court action or further court order. Under the said undertaking, the promissory notes will no longer fall due for payment by the Company on 5 December 2012. Details of the undertaking and the court case were disclosed in note 2 to the consolidated financial statements.

Note:

Save as the financial institution borrowings were made in Renminbi with fixed and floating interest rates, other items as mentioned in the above table were made in Hong Kong dollars with fixed interest rates.

TREASURY POLICY

The Group's treasury policy includes diversifying funding sources. Internally generated cash flow, issuance of shares and/or convertible securities and interest-bearing bank/non-financial institution loans are the general source of funds to finance the operation of the Group during the Period. The Group regularly reviews its major funding positions to ensure that it will have adequate financial resources in meeting its financial obligations. In order to meet interest bearing debts and business capital expenditure, the Group is from time to time considering various alternative equity and debt financing including but not limited to new share placing, rights issues 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 properties.

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, 11 January 2016, 24 May 2016, 31 August 2016, 19 April 2017 and 11 May 2017, civil proceedings (the "**Legal Proceedings**") were initiated in the PRC 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 joining Wuhan Baisazhou Agricultural By-Product Grand Market Company Limited ("**Baisazhou Agricultural**") as third party.

Ms. Wang and Tian Jiu alleged that the share transfer agreements in relation to the acquisition of an aggregate 90% interest in Baisazhou Agricultural by the Company from Ms. Wang as to 70% thereof and Tian Jiu as to 20% thereof (the "**Contended Agreements**") were forged. They sought an order from the Higher People's Court of Hubei province of the PRC (the "**Hubei Court**"), that 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 together with costs of the Legal Proceedings.

The Company received the judgment from the Hubei Court in relation to the Legal Proceedings (the "**Hubei Court Judgment**") in June 2014. By the Hubei Court Judgment, the Hubei Court dismissed the claims of Ms. Wang and Tian Jiu, and ordered them 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; (ii) the Contended Agreements were void; and (iii) acknowledged that the HK$1,156 million sale and purchase agreement (the "**SPA**") shall be the actual agreement being performed by the Company, Ms. Wang and Tian Jiu.

In May 2015, in view of the Beijing Judgment, the Company issued a writ against Ms. Wang and Tian Jiu which was accepted by the High Court. The Company sought 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 the PRC Ministry of Commerce ("**MOFCOM**").

In May 2015, Ms. Wang and Tian Jiu had jointly commenced legal proceedings against MOFCOM alleging that MOFCOM failed to discharge its statuary 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 were accepted by the Beijing Second Intermediate People's Court (the "**Beijing Court**") in May 2015. The Company and Baisazhou Agricultural then made an application to join the cases as third parties. 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.

In relation to Ms. Wang and Tian Jiu's application for revoking the approval in respect of the Contended Agreements, the Company received a decision (the "**Decision**") on 23 May 2016 issued by MOFCOM dated 19 May 2016 to the effect, amongst other things, that its approval (the "**Approval**") issued in November 2007 in relation to the Contended Agreements shall not be revoked and shall remain to be in force. In making the Decision, MOFCOM considered that the revocation of the Approval as requested by Ms. Wang and Tian Jiu may cause serious damage to the public interest.

Upon the making of the Decision by MOFCOM that the approval shall not be revoked and shall remain in force in August 2016, the Company noted that Ms. Wang and Tian Jiu had brought another administrative proceedings (the "**Administrative Proceedings**") to the Beijing Court. According to a writ dated 3 August 2016, Ms. Wang and Tian Jiu requested the Beijing Court to revoke the Decision and to order MOFCOM to make a decision to revoke the approval. According to a notice issued by the Beijing Court dated 26 August 2016 together with the writ which was served to the Company on 30 August 2016, each of the Company and Baisazhou Agricultural has been added as third party by the Beijing Court to the Administrative Proceedings.

On 18 April 2017, the Company received the judgment of the Beijing Court dated 31 March 2017 (the "**31 March Judgement**") stating that the request made by Ms. Wang and Tian Jiu to revoke the Decision lacked both legal and factual basis and was not supported by the Beijing Court. Accordingly, the Beijing Court dismissed the application of Ms. Wang and Tian Jiu.

On 10 May 2017, the Company received a Notice of Appeal dated 8 May 2017. By the Notice of Appeal, Ms. Wang and Tian Jiu appealed against the 31 March Judgment and requested for an order that (a) the 31 March Judgment be set aside and that (b) MOFCOM to make a decision to revoke the Approval.

As advised by the PRC legal advisers 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; and (b) the registration of the transfer of shareholding by the Hubei Province Administration for Industry and Commerce. The Company will take all necessary action in the PRC as advised by its PRC legal advisors in response to the Beijing Judgment.

For other detailed information on litigation cases, please refer to note 18 to the Interim Financial Statements of the Company to be included in the interim report of the Company to be distributed to the shareholders of the Company in due course.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group had 1,415 employees (31 December 2016: 1,698 employees), approximately 98% and approximately 2% of whom were located in the PRC and Hong Kong, respectively. The Group's remuneration policy is reviewed periodically by the remuneration committee of the Company and the Board's remuneration is determined by reference to market terms, the Company's 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.

FUTURE PLANS AND PROSPECTS

The first half of 2017 is a tough period with the gradual slow growth of the PRC economy and the drop of the price of fruit and vegetables due to the fruitful harvest in agricultural sector in the PRC. This may have impact on the operating income of the Group. As for the property sales of the Group, slow pace economic growth had promoted investors and business operators to take more conservative approach in acquisition of new properties. This will, in turn, affect our business development and financial position.

The agricultural issue is still the theme of the 2017 Number 1 Documents of the PRC Government. The Group will continue to adapt its business model to suit the overall government policy requirements. Coupled with the PRC State Council's issuance of the framework of "Opinion of the Internet Action by the PRC State Council" (the "**Opinion**") in July 2016, the PRC State Council, the Ministry of Commerce, the Ministry of Agriculture and the relevant government departments have issued various action plans to detail electronic commerce in agricultural sector. The Group will continue to put resources in this area with a prudent approach and attempted to bridge up the connection between the virtual internet world and the physical agricultural markets for offline to online business model. For the long term development of electronic commerce business, the management will take a more conservative approach in this resources intensive area.

The Group has endeavored to build up a national network of agricultural produce exchange markets. After the continuous efforts being deployed by the management, the Group has built up a network of the markets. The brand name of "Hongjin" in the agricultural by-products exchange markets is well recognized in this sector. The Group will continue to negotiate, build and expand its network of agricultural produce exchange markets by working on establishing partnerships in the PRC and exploring business opportunities of agricultural produce exchange markets in different provinces in the PRC so as to deliver long-term benefits to the shareholders of the Company.

In view of its loss making position, the Company will continue to endeavour to increase its revenue as well as to reduce its leverage. As the Group is in need of additional funds from financing activities so as to be able to repay debt when it falls due over the next few months, the Company will also continue to explore and pursue all appropriate financing/fund raising activities in the interest of the Company and 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 listed securities of the Company during the six months ended 30 June 2017.

CORPORATE GOVERNANCE

The Company had complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules during the period from 1 January 2017 to 30 June 2017, 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, a deviation form 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 management 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 skills 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 the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, the Company confirmed that all Directors had complied with the required standard set out in the Model Code throughout the period under review.

AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the Listing Rules, for the purposes of reviewing and providing supervision over the Group's financial reporting processes, internal controls and risk management. The Audit Committee comprises all the independent non-executive Directors, namely Mr. Wong Hin Wing, Mr. Ng Yat Cheung and Mr. Lau King Lung, and is chaired by Mr. Wong Hin Wing, which has reviewed with the management and HLB the unaudited condensed consolidated interim results for the six months ended 30 June 2017.

PUBLICATION OF INTERIM RESULTS AND DESPATCH OF INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnagri-products.com). The 2017 interim report containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

By Order of the Board
CHINA AGRI-PRODUCTS EXCHANGE LIMITED
中國農產品交易有限公司
Chan Chun Hong, Thomas
Chairman and Chief Executive Officer

Hong Kong, 11 August 2017

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, Mr. Lau King Lung and Mr. Wong Hin Wing.