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 FIFTEEN MONTHS ENDED 31 MARCH 2020

The board (the "**Board**") of directors (the "**Director(s)**") of China Agri-Products Exchange Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to the "**Group**") for the fifteen months ended 31 March 2020 (the "**Period**"), together with the comparative figures for the year ended 31 December 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the fifteen months ended 31 March 2020

	Note	**Fifteen months from 1 January 2019 to 31 March 2020** ***HK$'000***	Year from 1 January 2018 to 31 December 2018 *HK$'000*
Turnover	*4*	**1,091,437**	778,857
Cost of operation		**(552,483)**	(387,962)
Gross profit		**538,954**	390,895
Other revenue and other net income		**19,587**	21,313
General and administrative expenses		**(206,847)**	(234,876)
Selling expenses		**(97,187)**	(50,356)

	Notes	Fifteen months from 1 January 2019 to 31 March 2020 HK$'000	Year from 1 January 2018 to 31 December 2018 HK$'000
Profit from operations before fair value changes and impairment		**254,507**	126,976
Net gain in fair value of investment properties		**148,801**	4,507
Change in fair value of derivative financial instruments		**(1,787)**	(17,687)
Written down of stock of properties		**(2,969)**	(66,371)
Share of profit on joint venture		**–**	10,352
Gain on disposal of subsidiaries		**–**	39,846
Profit from operations		**398,552**	97,623
Finance costs	*6(a)*	**(226,752)**	(211,702)
Profit/(loss) before taxation	*6*	**171,800**	(114,079)
Income tax	*7*	**(138,475)**	(65,240)
Profit/(loss) for the period/year		**33,325**	(179,319)
Other comprehensive income/(loss), net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Release of exchange differences upon disposal of subsidiaries		**–**	1,353
Exchange differences on translating foreign operations		**(136,612)**	(184,698)
Other comprehensive loss for the period/year, net of income tax		**(136,612)**	(183,345)
Total comprehensive loss for the period/year, net of income tax		**(103,287)**	(362,664)

	Notes	Fifteen months from 1 January 2019 to 31 March 2020 HK$'000	Year from 1 January 2018 to 31 December 2018 HK$'000
Profit/(loss) attributable to:			
Owners of the Company		**5,880**	(212,596)
Non-controlling interests		**27,445**	33,277
		33,325	(179,319)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(117,331)**	(378,013)
Non-controlling interests		**14,044**	15,349
		(103,287)	(362,664)
Earnings/(loss) per share			
– Basic *(HK cents)*	*9(a)*	**0.06**	(2.14)
– Diluted *(HK cents)*	*9(b)*	**0.06**	(2.14)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Note	As at 31 March 2020 HK$'000	As at 31 December 2018 HK$'000
Non-current assets			
Property, plant and equipment		**45,759**	52,768
Investment properties		**2,839,091**	3,165,921
Right-of-use assets		**18,802**	–
Intangible assets		**–**	6,061
		2,903,652	3,224,750
Current assets			
Stock of properties		**1,611,442**	1,597,574
Trade and other receivables	*10*	**233,817**	250,431
Loan receivables		**49,769**	40,327
Financial assets at fair value through profit or loss		**394**	2,175
Bank and cash balances		**339,599**	488,415
		2,235,021	2,378,922
Current liabilities			
Deposits and other payables		**683,044**	776,193
Receipts in advance		**160,237**	175,588
Contract liabilities		**464,983**	476,774
Bonds		**–**	844,055
Bank and other borrowings		**231,820**	328,036
Lease liabilities		**3,590**	–
Promissory notes		**376,000**	376,000
Income tax payable		**25,899**	73,639
		1,945,573	3,050,285
Net current assets/(liabilities)		**289,448**	(671,363)
Total assets less current liabilities		**3,193,100**	2,553,387

	As at 31 March 2020 *HK$'000*	As at 31 December 2018 *HK$'000*
Non-current liabilities		
Bonds	**176,998**	182,192
Bank and other borrowings	**779,669**	120,003
Convertible bonds	**246,894**	234,747
Lease liabilities	**20,653**	–
Deferred tax liabilities	**483,521**	421,081
	1,707,735	958,023
Net assets	**1,485,365**	1,595,364
Capital and reserves		
Share capital	**99,531**	99,531
Reserves	**992,109**	1,109,440
Total equity attributable to owners of the Company	**1,091,640**	1,208,971
Non-controlling interests	**393,725**	386,393
Total equity	**1,485,365**	1,595,364

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fifteen months ended 31 March 2020

1. GENERAL INFORMATION

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 is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business is Suite 3202, 32/F, Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong. The immediate holding company of the Company is Goal Success Investments Limited and the intermediate holding company is Wai Yuen Tong Medicine Holdings Limited ("**WYT**") (Stock code: 897). In the opinion of the Directors, the ultimate holding company of the Company is Wang On Group Limited (Stock code: 1222).

The Group is principally engaged in the management and sales of properties in agricultural produce exchange markets in the People's Republic of China (the "**PRC**"). The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") which is also the functional currency of the Company. All values are rounded to the nearest thousand ("**HK$'000**") except otherwise indicated.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the periods presented, unless otherwise stated.

(b) Change of financial year end date

On 29 January 2020, the Group announced to change its financial year end date from 31 December to 31 March. Accordingly, the current financial period will cover a fifteen-month period from 1 January 2019 to 31 March 2020. This consolidated financial information now presented covers a fifteen-month period from 1 January 2019 to 31 March 2020, and the comparative figures in this consolidated financial information cover a twelve-month period from 1 January 2018 to 31 December 2018. Consequently, the comparative amounts for the consolidated statement of profit or loss and other comprehensive income and related notes are not directly comparable with those of the current period.

The Company changed its financial year end date in order to align the Company's financial year end date with its ultimate holding company.

(c) Basis of preparation of financial statements

(i) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial instruments that are measured at fair values at the end of each reporting period, 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 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 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current period:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015–2017 Cycle
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Investments in associates and joint ventures
HK (IFRIC) – Int 23	Uncertainty over income tax treatments

In addition the Group has early adopted the amendment to HKFRS 16 which provides relief to lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: (i) the change in lease payments results in revised considered for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; (iii) there is no substantive change to other terms and conditions of the lease. The Group elects to adopt the practical expedient to account for the COVID-19 pandemic related rent concession as negative variable lease payments. The early adoption of such amendment to HKFRS 16 have no material impact to the consolidated financial statements.

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact of the Group's financial positions and performance for the current period and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts and changes in accounting policies of application on HKFRS 16 "Lease" ("HKFRS 16")

The Group has applied HKFRS 16 for the first time in the current period. HKFRS 16 superseded HKAS 17 "Leases" ("**HKAS 17**"), and the related interpretations.

Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

As at 1 January 2019, the Group recognised addition lease liabilities and right-of-use assets at amount equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

(i) relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review;

(ii) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months from the date of initial application;

(iii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

(iv) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of office premises in the PRC was determined on a portfolio basis; and

(v) used hindsight based on facts and circumstances as at the date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of approximately HK$24,678,000 and right-of-use assets of approximately HK$24,678,000 at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 9%.

	As at 1 January 2019 *HK$'000*
Operating lease commitments disclosed as at 31 December 2018	30,312
Lease liabilities discounted at relevant incremental borrowings rates	28,041
Less: Recognition exemption – short-term leases	(3,363)
Lease liabilities as at 1 January 2019	24,678
Analysed as	
– Current	1,843
– Non-current	22,835
	24,678

	As at 1 January 2019 *HK$'000*
Right-of-use assets related to operating lease upon application of HKFRS 16	24,678

The recognised right-of-use assets relate to the following types of assets:

	As at 1 January 2019 *HK$'000*
Rental premises	23,374
Leasehold land	1,304
	24,678

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amount previously reported at 31 December 2018	Adjustments	Carrying amount under HKFRS 16 at 1 January 2019
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Right-of-use assets	–	23,374	23,374
Investment properties	3,165,921	1,304	3,167,225
Current liability			
Lease liabilities	–	1,843	1,843
Non-current liability			
Lease liabilities	–	22,835	22,835

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

HKAS 1 and HKAS 8 (Amendments)	Definition of Material[1]
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform[1]
HKFRS 3 (Amendments)	Definition of a Business[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 17	Insurance Contracts[3]

1 Effective for annual periods beginning on or after 1 January, 2020

2 Effective for business combination and asset acquisition for which the acquisition date is on or after the beginning of the annual period beginning on or after 1 January, 2020

3 Effective for annual periods beginning on or after 1 January, 2021

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

In addition to the above new and amendments to HKFRSs, a revised "Conceptual Framework for Financial Reporting" was issued in 2018. Its consequential amendments, the "Amendments to References to the Conceptual Framework" in HKFRS Standards, will be effective for annual periods beginning on or after 1 January, 2020. The Directors anticipate that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. TURNOVER

Turnover represents revenue from (i) property rental income, (ii) property ancillary services, (iii) commission income from agricultural produce exchange market, (iv) property sales, (v) financial service income and (vi) food and agricultural by-products merchandising. The amount of each significant category of revenue recognised during the period/year, net of discount and sales related tax, is analysed as follows:

	Fifteen months from 1 January 2019 to 31 March 2020	Year from 1 January 2018 to 31 December 2018
	HK$'000	*HK$'000*
Revenue from contracts with customers:		
Recognised at a point in time		
Revenue from property ancillary services	**104,150**	84,688
Commission income from agricultural produce exchange market	**97,383**	94,827
Revenue from property sales	**622,703**	399,772
Financial service income	**–**	24
Food and agricultural by-products merchandising	**30,286**	4,410
	854,522	583,721
Revenue from other sources:		
Property rental income	**236,915**	195,136
	1,091,437	778,857

5. 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

The following is an analysis of the Group's revenues and results by reportable segments for the current period and prior year:

	Agricultural produce exchange market operation		Property sales		Unallocated		Consolidated	
	Fifteen months from 1 January 2019 to 31 March 2020	Year from 1 January 2018 to 31 December 2018	**Fifteen months from 1 January 2019 to 31 March 2020**	Year from 1 January 2018 to 31 December 2018	**Fifteen months from 1 January 2019 to 31 March 2020**	Year from 1 January 2018 to 31 December 2018	**Fifteen months from 1 January 2019 to 31 March 2020**	Year from 1 January 2018 to 31 December 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover								
External sales	**468,734**	379,085	**622,703**	399,772	**–**	–	**1,091,437**	778,857
Results								
Segment result	**245,751**	125,985	**86,240**	73,440	**–**	–	**331,991**	199,425
Other revenue and other net income	**10,346**	14,561	**–**	–	**9,241**	6,752	**19,587**	21,313
Net gain in fair value of investment properties	**148,801**	4,507	**–**	–	**–**	–	**148,801**	4,507
Loss on fair value change of derivative financial instruments	**–**	–	**–**	–	**(1,787)**	(17,687)	**(1,787)**	(17,687)
Written down of stock of properties	**–**	–	**(2,969)**	(66,371)	**–**	–	**(2,969)**	(66,371)
Share of profit on joint venture	**–**	–	**–**	–	**–**	10,352	**–**	10,352
Gain on disposal of subsidiaries	**–**	–	**–**	–	**–**	39,846	**–**	39,846
Unallocated corporate expenses							**(97,071)**	(93,762)
Profit from operation							**398,552**	97,623
Finance costs	**(36,501)**	(33,204)	**–**	–	**(190,251)**	(178,498)	**(226,752)**	(211,702)
Profit/(loss) before taxation							**171,800**	(114,079)
Income tax							**(138,475)**	(65,240)
Profit/(loss) for the period/year							**33,325**	(179,319)

Business segment represents the profit from each segment without allocation of certain other revenue and other net income, change in fair value of derivative financial instruments, central administrative costs and directors' salaries, certain finance costs and income tax expenses. 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 during the period/year ended 31 March 2020 and 31 December 2018.

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**	
	As at 31 March 2020	As at 31 December 2018	**As at 31 March 2020**	As at 31 December 2018	**As at 31 March 2020**	As at 31 December 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets						
Segment assets	**3,334,415**	3,702,285	**1,611,442**	1,626,386	**4,945,857**	5,328,671
Unallocated corporate assets					**192,816**	275,001
Consolidated total assets					**5,138,673**	5,603,672
Liabilities						
Segment liabilities	**1,448,318**	1,563,833	**475,800**	455,921	**1,924,118**	2,019,754
Unallocated corporate liabilities					**1,729,190**	1,988,554
Consolidated total liabilities					**3,653,308**	4,008,308

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

– all assets are allocated to reportable segments other than financial assets at fair value through profit or loss and corporate assets.

– all liabilities are allocated to reportable segments other than bonds, promissory notes, convertible bonds, deferred tax liabilities 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	
	Fifteen months from 1 January 2019 to 31 March 2020	Year from 1 January 2018 to 31 December 2018	**Fifteen months from 1 January 2019 to 31 March 2020**	Year from 1 January 2018 to 31 December 2018	**Fifteen months from 1 January 2019 to 31 March 2020**	Year from 1 January 2018 to 31 December 2018	**Fifteen months from 1 January 2019 to 31 March 2020**	Year from 1 January 2018 to 31 December 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Capital expenditure *(Note)*	**27,564**	64,287	**–**	–	**2,531**	2,706	**30,095**	66,993
Net gain in fair value of investment properties	**148,801**	4,507	**–**	–	**–**	–	**148,801**	4,507
Loss on fair value change of derivative financial instruments	**–**	–	**–**	–	**1,787**	17,687	**1,787**	17,687
Written down of stock of properties	**–**	–	**2,969**	66,371	**–**	–	**2,969**	66,371
Unrealised gain/(loss) on financial assets at fair value through profit or loss – investment in equity securities listed	**–**	–	**–**	–	**6**	(213)	**6**	(213)
Depreciation of property, plant and equipment	**13,720**	12,318	**–**	–	**2,512**	1,490	**16,232**	13,808
Amortisation of intangible assets	**6,061**	6,061	**–**	–	**–**	–	**6,061**	6,061
Depreciation of right-of-use assets	**3,729**	–	**–**	–	**–**	–	**3,729**	–
Allowance for expected credit losses on trade and other receivables and loan receivables	**5,634**	1,631	**–**	–	**983**	11	**6,617**	1,642
Loss on early redemption of bonds	**–**	–	**–**	–	**560**	3,776	**560**	3,776
Gain on disposal of subsidiaries	**–**	–	**–**	–	**–**	39,846	**–**	39,846

Note: Capital expenditure consists of additions to property, plant and equipment and investment properties.

For the period/year ended 31 March 2020 and 31 December 2018, no other single customers contributed 10% or more to the Group's revenue.

Geographical information

As at the end of the reporting period, the entire 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.

6. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived after charging/(crediting):

(a) Finance costs

	Fifteen months from 1 January 2019 to 31 March 2020	Year from 1 January 2018 to 31 December 2018
	HK$'000	*HK$'000*
Interests on bank and other borrowings wholly repayable within five years	**49,994**	34,085
Interests on bank and other borrowings wholly repayable over five years	**6,431**	–
Interests on promissory notes	**29,375**	23,500
Interests on convertible bonds	**36,944**	28,317
Interests on bonds	**101,601**	126,673
Interests on lease liabilities	**2,749**	–
Less: Amounts classified as capitalised into stock of properties *(Note)*	**(342)**	(873)
	226,752	211,702

Note: The weight average capitalisation rate on borrowing is 7.39% per annum for the period ended 31 March 2020 (year ended 31 December 2018: 7.39%).

(b) Staff costs (including directors' emoluments)

	Fifteen months from 1 January 2019 to 31 March 2020	Year from 1 January 2018 to 31 December 2018
	HK$'000	*HK$'000*
Contributions to defined contribution retirement plans	**4,591**	4,017
Salaries, wages and other benefits	**77,735**	75,667
	82,326	79,684

(c) Other items

	Fifteen months from 1 January 2019 to 31 March 2020	Year from 1 January 2018 to 31 December 2018
	HK$'000	*HK$'000*
Property rental income	**236,915**	195,136
Less: outgoings	**(20,731)**	(13,889)
Net rental income	**216,184**	181,247
Depreciation of property, plant and equipment	**16,232**	13,808
Amortisation of intangible assets	**6,061**	6,061
Depreciation of right-of-use assets	**3,729**	–
Loss on disposal of property, plant and equipment	**575**	410
Auditors' remuneration		
– audit services	**2,600**	2,200
– other services	**660**	280
Total minimum lease payments for rental properties previously classified as operating lease under HKAS 17	**–**	1,574
Short-term lease expenses	**1,080**	–
Loss on early redemption of bonds	**560**	3,776
Change in fair value of derivative financial instruments	**1,787**	17,687
Unrealised (gain)/loss on financial assets through profit or loss – investment in equity security listed	**(6)**	213
Total unrealised loss on financial assets through profit or loss	**1,781**	17,900
Allowance for expected credit losses on trade and other receivables and loan receivables	**6,617**	1,642
Cost of stock of properties	**425,259**	286,301

7. 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:

	Fifteen months from 1 January 2019 to 31 March 2020	Year from 1 January 2018 to 31 December 2018
	HK$'000	*HK$'000*
Current tax		
PRC enterprise income tax	**56,373**	54,259
Deferred tax		
Origination and reversal of temporary difference	**82,102**	10,981
	138,475	65,240

No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profits arising in Hong Kong for the period/year ended 31 March 2020 and 31 December 2018. PRC Enterprise Income Tax is computed according to the relevant legislation interpretations and practices in respect thereof during the period. PRC Enterprise Income Tax rate is 25% for the period/year ended 31 March 2020 and 31 December 2018.

8. DIVIDEND

The directors do not recommend the payment of any dividend in respect of the period/year ended 31 March 2020 and 31 December 2018 respectively.

9. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to owners of the Company of approximately HK$5,880,000 (year ended 31 December 2018: loss attributable to owners of the Company of approximately HK$212,596,000) and the weighted average number of 9,953,067,822 ordinary shares (year ended 31 December 2018: 9,953,067,822 ordinary shares) in issue during the period.

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share for the period/year ended 31 March 2020 and 31 December 2018 were the same as basic earnings/(loss) per share because the outstanding convertible bonds had an anti-dilutive effect on the basic earnings/(loss) per share.

10. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors with the following ageing analysis presented based on the payment terms on the tenancy agreement, net of allowance for expected credit loss, as of the end of the reporting period:

	As at 31 March 2020	As at 31 December 2018
	HK$'000	*HK$'000*
Less than 90 days	**2,953**	1,887
More than 90 days but less than 180 days	**369**	482
More than 180 days	**265**	5,986
	3,587	8,355

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.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF FINANCIAL RESULTS

Turnover, gross profit and segment result

For the fifteen months ended 31 March 2020, the Group recorded a turnover of approximately HK$1,091 million, representing an increase of approximately HK$312 million as compared to that of the last financial year. The below table summarises the key financial performance of the Group:

HK$ million and approximate %	For the fifteen months ended 31 March 2020: Agricultural Produce Exchange Market Operation	Property Sales	Total	For the year ended 31 December 2018: Agricultural Produce Exchange Market Operation	Property Sales	Total
Turnover	**468**	**623**	**1,091**	379	400	779
Gross Profit	**342**	**197**	**539**	278	113	391
Segment Result	**246**	**86**	**332**	126	73	199
Gross Profit to Turnover	**73%**	**32%**	**49%**	73%	28%	50%
Segment Result to Turnover	**53%**	**14%**	**30%**	33%	18%	26%

The Group recorded a turnover of approximately HK$1,091 million for the Period, representing an increase of approximately 40% as compared to approximately HK$779 million of the last financial year, which was mainly due to the increase in property sales recognition and the extra three months of reporting data for the Period. The Group recorded a gross profit and a segment result of approximately HK$539 million and approximately HK$332 million, respectively, for the Period (year ended 31 December 2018: approximately HK$391 million and approximately HK$199 million, respectively), representing an increase of approximately 38% and an increase of approximately 67%, respectively, as compared to that of the last financial year. The increase in gross profit and segment result was mainly due to increase in rental income, implementation of effective cost saving policies and the extra three months of reporting data for the Period.

Other revenue and other net income

The Group recorded other revenue and other net income of approximately HK$20 million for the Period (year ended 31 December 2018: approximately HK$21 million). The decrease was mainly due to decrease in management fee income.

General and administrative expenses, selling expenses and finance costs

General and administrative expenses were approximately HK$207 million for the Period (year ended 31 December 2018: approximately HK$235 million). The figures remained similar with that of the last financial year notwithstanding the extra three months of reporting data. During the Period, the Group continuously implemented cost saving policies. Selling expenses were approximately HK$97 million for the Period (year ended 31 December 2018: approximately HK$50 million). The increase in selling expenses was mainly due to the increase in sales and promotion activities during the Period. Finance costs were approximately HK$227 million for the Period (year ended 31 December 2018: approximately HK$212 million) and such increase was mainly due to the extra three months of reporting data. During the Period, the Group continuously repaid debts early to reduce finance costs.

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

During the Period, net gain in fair value of investment properties was approximately HK$149 million (year ended 31 December 2018: approximately HK$5 million). The increase in net gain was mainly due to increase in fair value of Luoyang Hongjin Agricultural and By-Product Exchange Market ("**Luoyang Market**") and Wuhan Baisazhou Agricultural and By-Product Exchange Market ("**Wuhan Baisazhou Market**"). Stock of properties value was written down for approximately HK$3 million for the Period (year ended 31 December 2018: approximately HK$67 million) mainly due to written down of stock of properties of Kaifeng Hongjin Agricultural and By-Product Exchange Market ("**Kaifeng Market**").

Change in fair value of derivative financial instruments

During the Period, net loss in fair value of derivative financial instruments was approximately HK$2 million (year ended 31 December 2018: approximately HK$18 million) due to the rise of share price of the Company during the Period.

Profit attributable to owners of the Company

The profit attributable to owners of the Company for the Period was approximately HK$6 million as compared to the loss of approximately HK$213 million in the last financial year. Profit from operations before fair value changes and impairment, interest and tax was approximately HK$255 million and the profit from operations was approximately HK$399 million for the Period (year ended 31 December 2018: approximately HK$127 million and approximately HK$98 million, respectively). The profit attributable to owners of the Company was mainly due to (i) increase in turnover of sales of properties; (ii) increase in net gain in fair value of investment properties; (iii) decrease in impairment of stock of properties and loss in fair value of derivative financial instruments; and (iv) decrease in administrative expenses, as compared to the financial year ended 31 December 2018.

DIVIDENDS

The Directors do not recommend any payment of final dividend for the fifteen months ended 31 March 2020 (year ended 31 December 2018: Nil). No interim dividend for 2019 was paid to the shareholders of the Company (the "**Shareholders**") during the Period (year ended 31 December 2018: Nil).

REVIEW OF OPERATIONS

During the Period, the Group was principally engaged in management and sales of properties in agricultural produce exchange markets in the PRC. In order to cope with future growth and provide more comprehensive services to our customers, the Group strives for diversification of income streams in order to align its corporate mission and goals with the aim to delivering long-term benefits to the Shareholders. From traditional operation of our wholly-owned agricultural produce markets to cooperation projects with local partners, the Group took a further step to adopt the asset-light model. Leveraging on our reputation in the industry, we have started the provision of management service in recent years. In 2018, we made small amount of investment and provided management service to a local partner in Suizhou, the PRC, to operate an agricultural market under our brand name. With the satisfactory performance of Suizhou Baisazhou Agricultural and By-Product Exchange Market ("**Suizhou Market**"), the Group will continue to adopt the assets light operation model strategy. On the other hand, notwithstanding the Coronavirus Disease 2019 (the "**COVID-19**") in early 2020 which affected our market operating performance, our markets still achieved a positive result during the Period. During the Period, the Group further extended its scope of business to provision of food and agricultural by-products merchandising services to our customers. Moreover, both of the operating performance and market ranking of our markets showed steady progress.

Agricultural Produce Exchange Markets

Hubei Province

Wuhan Baisazhou 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, the PRC with a site area of approximately 310,000 square metres and a total gross floor area of approximately 190,000 square metres. In 2019, Wuhan Baisazhou Market was awarded top 10 of agricultural produce exchange market by China Agricultural Wholesale Market Association. The award was a sign to the market contribution being made by the Group's effort and expertise as an agricultural produce exchange market operator in the PRC.

The outbreak of the COVID-19 significantly affected the market performance of Wuhan Baisazhou Market in early 2020. When the epidemic began, the Wuhan local government limited the market operation scale as a control measure which lasted until late April 2020. Afterwards, the market fully resumed normal operation. Wuhan Baisazhou Market was titled "An Outstanding Enterprise in Contributing to the Epidemic Prevention and Control and Supply Guarantee in Wuhan" by the Supplies Security Section under the Wuhan's Epidemic Prevention and Control Division for its remarkable contributions towards "supply guarantee".

Huangshi Market

Huangshi Hongjin Agricultural and By-Product Exchange Market ("**Huangshi Market**") is a joint venture project of the Group founded in January 2015 with an operating area of approximately 23,000 square metres. Huangshi city is a county level city in Hubei and around 100 kilometres away from Wuhan Baisazhou Market. Huangshi Market, as a second-tier agricultural produce exchange market, created synergy effect with Wuhan Baisazhou Market by increasing vegetables and by-products trading. In early 2020, the operating performance of Huangshi Market was significantly affected by the COVID-19 outbreak.

Suizhou Market

Suizhou Market is another joint venture project of the Group founded in March 2018. It occupied approximately 240,000 square metres. The Group pursued asset light operation business model by taking up the contract management rights to operate this market. In early 2020, the operation performance of Suizhou Market was moderately affected by the COVID-19 outbreak. During the Period, the operation performance of Suizhou Market improved and grew gradually.

Henan Province

Luoyang Market

Luoyang Market is the flagship project of the Group in Henan Province, the PRC, with a site area and a gross floor area of approximately 255,000 square metres and approximately 223,000 square metres, respectively. After several years of operations, the business performance of Luoyang Market gradually improved, while both occupancy rate and vehicles traffic were satisfactory. During the Period, Luoyang Market began to record sales recognition and the operation performance was satisfactory, of which the operation turnover increased approximately 34% as compared to that of the last financial year of 2018.

Puyang Market

Puyang Hongjin Agricultural and By-Product Exchange Market ("**Puyang Market**") is one of our joint venture projects in cooperation with a local partner in Henan Province, the PRC. During the Period, Puyang Market began to record sales recognition and resulted in an increase of approximately 113% in turnover as compared to that of the last financial year of 2018.

Kaifeng Market

Kaifeng Market, with a gross floor construction area of approximately 120,000 square metres, is the third point of market operations for the Group to facilitate the building of an agricultural produce market network in Henan Province, the PRC. During the Period, the operation performance of Kaifeng Market improved due to the closure of competitor's market.

Guangxi Zhuang Autonomous Region

Yulin Market

Yulin Hongjin Agricultural and By-Product Exchange Market ("**Yulin Market**") is one of the largest agricultural produce exchange markets in Guangxi Zhuang Autonomous Region, the PRC ("**Guangxi Region**") with a site area of approximately 415,000 square metres and a total gross floor area of approximately 196,000 square metres. It consists of various types of market stalls and multi-storey godowns. As an energetic agricultural produce exchange market, Yulin Market's continuously remarkable performance proved that it has become one of the key agricultural produce exchange markets in the Guangxi Region.

The operation performance of Yulin Market was encouraging, achieving a revenue growth of approximately 7% for the Period as compared to that of the last financial year of 2018.

Qinzhou Market

Qinzhou Hongjin Agricultural and By-Product Exchange Market ("**Qinzhou Market**"), with a gross floor construction area of approximately 180,000 square metres, is the second point of market operations for the Group to facilitate the building of an agricultural produce market network in the Guangxi Region. During the Period, the Group focused on enhancing the operation performance of Qinzhou Market and it resulted in an increase of approximately 45% in operation turnover as compared to that of the last financial year of 2018.

Jiangsu Province

Xuzhou Market

Xuzhou Agricultural and By-Product Exchange Market ("**Xuzhou Market**") occupies approximately 200,000 square metres and is located in the northern part of Jiangsu Province, the PRC. The market houses various market stalls, godowns and cold storage. Xuzhou Market is a major marketplace for the supply of fruits in the city and the northern part of Jiangsu Province, the PRC.

The operation performance of Xuzhou Market was steady. Being a mature market of the Group, the turnover of Xuzhou Market during the Period was approximately HK$55 million, which was more or less the same as compared to that of the last financial year of 2018.

Huai'an Market

Huai'an Hongjin Agricultural and By-Product Exchange Market ("**Huai'an Market**"), with contracted operating area of approximately 100,000 square metres, is located at Huai'an City of Jiangsu Province, the PRC. Phase one of Huai'an Market had been in operation since October 2015 and it was expected that the performance of Huai'an Market will gradually improve after the market has become more mature. During the Period, the Company is under a legal dispute with the joint venture partner, the details of which will be disclosed in note 36 to the consolidated financial statements in the annual report for the fifteen months ended 31 March 2020 (the "**Annual Report**") to be published in compliance with the requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Liaoning Province

Panjin Market

Phase one of Panjin Hongjin Agricultural and By-Product Exchange Market ("**Panjin Market**"), with a construction area of around 50,000 square metres, is the first attempt of the Group's investment in Liaoning Province, the PRC. Panjin Market focused on the trading of river crabs and held regular market fairs. During the Period, Panjin Market performed steadily.

Food and agricultural by-products merchandising

As more and more projects had become mature with stable operation, the Group saw robust demand for food and agricultural by-products merchandising services in our markets. Therefore, the Group strategically extended its footprints to the business of food and agricultural by-products merchandising during the Period. Leveraging on the Company's advantages in market penetration, products knowledge, price, quality sensitivity and suppliers' network, the Group launched its first pilot site in Wuhan Baisazhou Market. This new business was gradually improving. The management will closely monitor the performance of this new business and will launch this new service to other markets when the business model becomes mature.

E-commerce development

With the robust mobile network and widespread use of intelligent mobile devices in the PRC, the Group allocated resources to e-commerce development linking online and offline customers in our agricultural produce exchange markets. During the Period, the management continued to slow down the e-commerce development and strengthened the existing resources of customer base and e-commerce business. The Group would also explore opportunities to cooperate with other business partners in this area.

Cyber risk and security

With information technology system and internet network playing a vital role in our operation, the Group has designated professionals to monitor and assess potential cyber risks. Both hardware and software are kept track with appropriate Company's policies. Potential cyber risks and network security are the key concerns of the management, thus the Group has formulated policies and procedures to regulate the use of internet, physically safeguard system power supply and regularly update internet protection system and firewall to separate the Company's intranet from the outside network. Designated professionals are responsible for the day-to-day monitoring on any abnormal network activities.

Data fraud or theft risk

The Group continuously reviews and updates its internal control system on data and information access. Appropriate policies have been adopted to protect data, and access permissions are only granted to the authorised personnel. The management believes effective policies and procedures are in place to avoid data fraud or theft risk.

Environmental and social risk

Due to the nature of business, the Company will face a moderate environmental risk if serious and permanent climate change happens in the PRC. Such risk may cause an adverse impact on agricultural production and affect the Company's turnovers from market operation and property sales.

COVID-19 outbreak

During the COVID-19 epidemic, the PRC government have imposed various measures to constraint the spread of the virus. This included limiting the locomotion of people and vehicles and strengthening the markets hygiene controls. These measures lower the market trading activities and related commission income. Since agri-products exchange market is a critical link on daily necessaries supply chain, the local governments closely monitored markets' operation and assisted the operation back to normal via different measures. These included reducing governmental fees and taxes, and compensating business loss during the epidemic. As the epidemic began to be under control, the trading volume and income of our markets have been gradually restored to normal level.

PRE-CONDITIONAL VOLUNTARY PARTIAL CASH OFFER TO ACQUIRE SHARES AND CONVERTIBLE NOTES OF THE COMPANY

On 26 September 2019 (as supplemented by the announcement of the Company dated 28 November 2019), Goal Success Investments Limited (the "**Offeror**"), an indirect wholly-owned subsidiary of WYT, announced that Kingston Securities Limited, on behalf of the Offeror, would make a pre-conditional voluntary partial cash offer to acquire such number of shares of the Company (the "**Share(s)**") from the Shareholders which would result in the Offeror and parties acting in concert with it holding a maximum of 75% of the issued share capital of the Company at the partial share offer price of HK$0.091 per Share (the "**Partial Share Offer**") and to acquire a maximum of 46.86% of the outstanding principal amount of the 7.5% convertible notes (the "**Convertible Notes**" or the "**CN**") due 2021 issued by the Company on 19 October 2016 (subject to adjustment in the event of a change in the issued share capital of the Company) at the partial CN offer price of HK$0.2275 for each outstanding HK$1 face value of the CN (the "**Partial CN Offer**", together with the Partial Share Offer, collectively the "**Partial Offers**").

On 29 January 2020, the Offeror announced that it had received (i) valid acceptances in respect of 5,582,473,153 Shares from the independent Shareholders under the Partial Share Offer, representing approximately 56.09% of the Shares in issue as at that date; and (ii) no valid acceptance under the Partial CN Offer. The Partial Share Offer was approved by the independent Shareholders holding 5,056,235,475 Shares, representing approximately 70.70% of the Shares held by the independent Shareholders as at that date. The Offeror further announced that as at 29 January 2020, all the conditions to the Partial Share Offer were fulfilled and the Partial Share Offer became unconditional in all respects. The Partial CN Offer, which was subject to and conditional upon the Partial Share Offer becoming or being declared unconditional in all respects, accordingly became and was declared unconditional in all respects.

On 12 February 2020 (i.e. the final closing date of the Partial Offers), the Offeror announced that it had received (i) valid acceptances in respect of 5,704,449,061 Shares from the independent Shareholders under the Partial Share Offer, representing approximately 57.31% of the Shares in issue as at that date; and (ii) no valid acceptance under the Partial CN Offer. According to the terms of the Partial Share Offer, the Offeror acquired and became the owner of 5,312,395,685 Shares, representing approximately 53.38% of the Shares in issue as at that date.

For details, please refer to the announcements dated 26 September 2019, 16 October 2019, 15 November 2019, 26 November 2019, 28 November 2019, 16 December 2019, 31 December 2019, 7 January 2020, 14 January 2020, 29 January 2020 and 12 February 2020, respectively jointly published by the Offeror, the Company, Wang On Group Limited and WYT, and the composite offer and response document dated 7 January 2020 jointly issued by the Offeror and the Company.

CHANGE IN FINANCIAL YEAR END DATE

As detailed in the announcement of the Company dated 29 January 2020, the Board has resolved to change the financial year end date of the Company from 31 December to 31 March in order to enable the Group to rationalise and more efficiently use its resources. Accordingly, the current financial year end date of the Company is 31 March 2020 and these consolidated financial statements cover a 15-month period from 1 January 2019 to 31 March 2020.

RECLASSIFICATION OF INVESTMENT PROPERTIES TO STOCK OF PROPERTIES

During the Period, the Group has reclassified the investment properties of Luoyang Market to stock of properties in the amount of approximately HK$374 million due to the change of sale plan and business strategy to increase sale of properties.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2020, the Group had total cash and cash equivalents amounting to approximately HK$340 million (31 December 2018: approximately HK$488 million) whilst total assets and net assets were approximately HK$5,139 million (31 December 2018: approximately HK$5,604 million) and approximately HK$1,485 million (31 December 2018: approximately HK$1,595 million), respectively. The Group's gearing ratio as at 31 March 2020 was approximately 1.0 (31 December 2018: approximately 1.0), being a ratio of total bank and other borrowings, bond and promissory notes of approximately HK$1,811 million (31 December 2018: approximately HK$2,085 million), net of cash and cash equivalents of approximately HK$340 million (31 December 2018: approximately HK$488 million) to shareholders' funds of approximately HK$1,485 million (31 December 2018: approximately HK$1,595 million).

As at 31 March 2020, the ratio of total interest-bearing debts of approximately HK$1,811 million (31 December 2018: approximately HK$2,085 million) to total assets of approximately HK$5,139 million (31 December 2018: approximately HK$5,604 million) was approximately 35% (31 December 2018: approximately 37%).

CONVERTIBLE NOTES

On 19 October 2016, the Company issued the Convertible Notes with the aggregate principal amount of HK$500 million which will mature on 18 October 2021, which entitle the holders to convert into the Shares at a conversion price of HK$0.4 per Share. During the Period, no Convertible Notes were converted into Shares by the Convertible Notes' holders. As at 31 March 2020, the Convertible Notes with the outstanding principal amount of HK$264.8 million was in issue.

LISTED NOTES DUE IN 2024 ("LISTED NOTES")

In May 2014, the Company established a HK$1,000,000,000 medium term note program. The Listed Notes issued under the program are listed on the Stock Exchange by way of debt issue to professional investors only (stock code: 5755). As at 31 March 2020, the Listed Notes in the principal amount of HK$290,000,000 remained outstanding.

CAPITAL COMMITMENTS, PLEDGES AND CONTINGENT LIABILITIES

As at 31 March 2020, outstanding capital commitments, contracted but not provided for, amounted to approximately HK$398 million (31 December 2018: approximately HK$214 million) in relation to the purchase of property, plant and equipment, construction contracts and operating lease agreements. As at 31 March 2020, the Group had significant contingent liabilities in the amount of approximately HK$0.6 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 (31 December 2018: approximately HK$0.2 million).

As at 31 March 2020, certain investment properties and stock of properties with carrying amount of approximately HK$1,633 million (31 December 2018: approximately HK$1,669 million for land use right and properties) were pledged 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 March 2020. The revenue, operating costs and bank deposits of the Group were mainly denominated in Renminbi ("**RMB**") and Hong Kong dollars. The activities of the Group are exposed to foreign currency risks mainly arising from its operations in mainland China and certain bank deposits denominated in RMB. Currently, the Group does not have a foreign currency hedging policy. During the Period, due to the currency fluctuation of RMB against Hong Kong dollars, the Group had been considering, from time to time, alternative risk hedging tools to mitigate RMB currency exchange risk.

DEBT PROFILES AND FINANCIAL PLANNING

As at 31 March 2020 and 31 December 2018, interest-bearing debts of the Group were analyzed as follows:

	As at 31 March 2020		As at 31 December 2018	
	Carrying amount *HK$ million*	**Approximate effective interest rate** *(per annum)*	Carrying amount *HK$ million*	Approximate effective interest rate *(per annum)*
Bond Issuance	**177**	**12%**	1,026	11%
Convertible Notes	**247**	**12%**	235	12%
Financial Institution Borrowings	**411**	**6%**	448	6%
Non-financial Institution Borrowings	**600**	**10%**	–	–
Promissory Notes	**376**	**5%**	376	5%
Total	**1,811**		2,085	

Note:

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

As at 31 March 2020, the bonds issued by the Company will mature in September 2024; the Convertible Notes will mature in October 2021; the financial institution borrowings of the Company will mature during the period from January 2020 to May 2029; the non-financial institution borrowings of the Company will mature in September 2022; 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 will be disclosed in note 36 to the consolidated financial statements in the Annual Report to be published in compliance with the requirements under the Listing Rules.

TREASURY POLICY

The Group's treasury policy includes diversifying the funding sources. Internally generated cash flow and interest-bearing bank/non-financial institution loans were the general sources of funds to finance the operation of the Group during the Period. The Group regularly reviews its major funding positions to ensure that it has 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 alternatives including 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.

CONTRACTUAL ARRANGEMENT OF E-COMMERCE BUSINESS

Shenzhen Gudeng Technology Limited ("**Shenzhen Gudeng**"), established in 2015, was an indirectly-owned subsidiary of the Group carrying out the business of e-commerce and electronic trading platform of the Group. For the compliance of the PRC regulatory requirements, on 11 July 2016, the Group entered into an agreement to transfer its entire interest in Shenzhen Gudeng to a nominee shareholder and further entered into a series of contractual arrangements after obtaining the Internet Content Provider license issued by the Communication Authority of Guangdong Province to enable the Group to manage and operate the Internet Content Provider services of Shenzhen Gudeng. During the Period, the above said contractual arrangements were renewed for another 3 years and still valid and effective between the nominee shareholder and the Group.

MATERIAL VALUATION METHOD OF INVESTMENT PROPERTIES AND REVIEW OF AUDIT COMMITTEE

The investment properties of the Group were stated at fair value as at 31 March 2020. The fair value was arrived at based on the valuations carried out by an independent firm of qualified professional valuers. The professional valuers are professional members of The Hong Kong Institute of Surveyors with experience in the location of the properties being valued. The valuations are confirmed to be in accordance with HKIS Valuation Standards 2017, which incorporates the International Valuation Standards (IVS). The professional valuers valued the properties on the basis of capitalisation of the net income derived from properties rental and made reference to the asking or transaction price of market comparable. For inventory portions of the properties, Direct Comparison Method is adopted based on the principle of substitution, where comparison is made based on prices realised on actual sales and/or asking prices of comparable properties. Comparable properties of similar size, scale, maturity, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

The material valuation methods of investment properties valuation have been reviewed by the audit committee of the Company (the "**Audit Committee**") and the Board.

RISK FACTORS RELATING TO OUR INDUSTRY AND BUSINESS OPERATIONS

As at 31 March 2020, the Group operated 11 agricultural produce exchange markets across 5 provinces in the PRC. In view of the ever-changing business environment in the PRC, the followings are the principal risks, challenges and uncertainties faced by the Group, including: (1) fluctuation in the exchange rate of RMB against Hong Kong dollars, which affects the translation of the PRC assets and liabilities from RMB to Hong Kong dollars in the Group's financial reporting, in view of which the Group periodically monitors the exchange rate fluctuation, and prepares effective hedging mechanism to tackle when adverse condition happens; (2) difficulty in obtaining adequate financing, including equity and debt financing, to support our agri-products exchange markets that are capital intensive, in view of which the Group regularly reviews the short-term and long-term liquidity level to prepare for the future needs, as and when appropriate; (3) preserving or enhancing our competitive position in the agri-products exchange markets industry, in view of which the Group has designated personnel to monitor our competitors' activities and formulate effective strategies to preserve our competitive position; (4) maintaining or enhancing the level of occupancy at our agri-products exchange markets, in view of which the Group launches, from time to time, various marketing campaigns to retain existing tenants and to attract new tenants; (5) obtaining all necessary licenses and permits for the development, construction, operations and acquisition of agri-products exchange markets, in view of which the Group hires sufficient local staff with professional qualifications to ensure all processes comply with local laws and regulations; (6) the effect of changes and amendments in the national and local laws and regulations, especially the laws and regulations relating to agri-products exchange markets, on the Group's operations and development, in view of which the Group maintains a relatively flat organizational structure with high autonomy to enable fast reaction to changes; and (7) the effect of close down agricultural produce exchange market when COVID-19 may probably break out in our markets.

DEPENDENCE OF EMPLOYEES, CUSTOMERS AND SUPPLIERS

As the Group is adopting market remuneration practices by reference to market terms, company performance, and individual qualifications and performance and well-organized structure management, no key and specific employee would materially and significantly affect the Group's success. Meanwhile, there were no major customers and suppliers which accounted for over 5% of the Group's income and no major suppliers which cannot be replaced by other appropriate suppliers. In this connection, no customers and suppliers would have 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 their construction and operations. Major environmental impacts are caused by waste and wastewater generated during the construction and operations of the markets. The Group has, in compliance with the PRC environmental law, engaged independent environmental consultants to conduct environmental impact assessments on all of our construction projects in all material aspects. 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 completion of construction of each market, the environmental authorities inspect the site to ensure compliance with all applicable environmental standards. All our construction projects comply with the "three simultaneities" principles stipulated in the Environmental Protection Law of the PRC. For further details of the impact of environmental laws and regulations on our operations and our environmental policies, please refer to our Environmental, Social and Governance Report in the Annual Report to be published in compliance with the requirements under the Listing Rules.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Period, the Group complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. The Company also complied with the requirements under the Listing Rules, the Securities and Futures Ordinance and the laws of Bermuda during the Period. The Group continuously reviews newly enacted laws and regulations affecting the operations of the Group, if any, and provides relevant trainings and guidance to the staff.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for the subsidiaries of the Company, there was no significant investment held, nor was there any material acquisition or disposal of subsidiaries during the Period. As at 31 March 2020, the Group did not have a concrete plan for material investments or capital assets nor acquisition or disposal of subsidiaries.

LITIGATION

References were made to 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, 11 May 2017, 27 December 2018 and 11 March 2020 in relation to the civil proceedings (the "**Legal Proceedings**") in the PRC initiated 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 alleged that the share transfer agreements in relation to the acquisition of an aggregate of 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, 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 Ms. Wang and Tian Jiu 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 Court**"). On 13 January 2015, the Company received the judgment (the "**Beijing Judgment**") handed down from the Supreme Court in relation to Ms. Wang and Tian Jiu's appeal against the Hubei Court Judgment. The Supreme 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, Ms. Wang and Tian Jiu jointly commenced legal proceedings against the Ministry of Commerce ("**MOFCOM**") of the PRC 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 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 party. On 8 January 2016, the Company received a judgment dated 31 December 2015 issued by the Beijing Court, by which the Beijing Court demanded MOFCOM to handle the Application again within 30 days.

On 23 May 2016, the Company received a decision (the "**Decision**") issued by MOFCOM dated 19 May 2016 to the effect, among other things, that its approval issued in November 2007 (the "**Approval**") 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 Judgment**") 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 (the "**Notice of Appeal**"). 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 (b) MOFCOM to make a decision to revoke the Approval.

On 30 August 2017, the hearing for the appeal against the 31 March Judgment took place. On 24 December 2018, the Company received the judgment of the Beijing High People's Court dated 20 December 2018 (the "**20 December Judgment**"). By the 20 December Judgment, the Beijing High People's Court dismissed the appeal of Ms. Wang and Tian Jiu and upheld the ruling of the Beijing Court as set out in the 31 March Judgment.

On 4 March 2020, the Company noted the judgment of the Supreme Court dated 31 December 2019 (the "**31 December Judgment**"). By the 31 December Judgment, the Supreme Court dismissed the application of Ms. Wang and Tian Jiu for retrial and for dismissal of the 31 March Judgment and the 20 December Judgment.

In other words, the approval issued by MOFCOM in November 2007 in relation to the Contended Agreements shall not be revoked and remain to be in force, and the Company continues to be the legal and beneficial owner of Baisazhou Agricultural under the PRC Laws.

Separately, 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 Hubei 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 MOFCOM.

On 10 May 2017, Ms. Wang and Tian Jiu applied to the Hubei Court for a freezing order in respect of the Company's 70% interest in Baisazhou Agricultural. According to the order of the Hubei Court dated 26 May 2017 (the "**26 May Order**"), the Hubei Court granted a freezing order as against the Company's 70% interest in Baisazhou Agricultural. The Company then applied for review of the 26 May Order which was dismissed by the Hubei Court on 12 June 2017.

On 26 May 2017, Ms. Wang and Tian Jiu applied to add a counterclaim for return of the Company's 90% interest in Baisazhou Agricultural (70% for Ms. Wang and 20% for Tian Jiu). On 10 April 2019, in light of the outcome of the legal proceedings against MOFCOM by Ms. Wang and Tian Jiu, the Company applied to the Hubei Court for withdrawal of the Company's claim. On 11 April 2019, the application of the Company was granted. According to the order of the Hubei Court dated 23 December 2019, the counterclaim made by Ms. Wang and Tian Jiu was dismissed by the Hubei Court.

As advised by the PRC legal advisors of the Company, (i) the Supreme 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 actions in the PRC as advised by its PRC legal advisors in response to the Beijing Judgment.

For other detailed information of the litigation cases, please refer to note 36 to the consolidated financial statements in the Annual Report to be published in compliance with the requirements under the Listing Rules.

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2020, the Group had 1,171 employees (31 December 2018: 1,229), approximately 98% of whom were located in the PRC. The Group's remuneration policy was reviewed periodically by the remuneration committee of the Company 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. The Company has adopted a share option scheme on 3 May 2012 for the primary purpose of providing incentive to selected eligible persons to take up options for their contribution to the Group. During the Period, no share option was granted.

PROSPECTS

During the Period, the trade friction between the PRC and the United States has slowed down the economic growth. However, such friction has little impact on the Group's operation which is mainly focused on domestic market. Looking ahead, 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.

Since the outbreak of the COVID-19, most of our agricultural produce exchange markets keep operating and taking various contingency health and hygiene measures for the sake of the health and safety of all of our employees, tenants and visitors. The outbreak inevitably has caused adverse impact to the performance of our markets, especially during early 2020.

Once again, agricultural development is the PRC central government's first priority policy for the next consecutive years. In 2020, the Central Committee of Communist Party of China and the State Council of China released the "No. 1 Central Document of 2020". The document promises to promote investments in agricultural produce markets, expand agricultural produce network, build logistic infrastructure and storage facilities of agricultural products and improve regional cold storage infrastructure. On the other hand, it is expected that the "Belt and Road Initiative" policy will drive the overall growth of the PRC economy and provide a sustainable way for the PRC's continuing development.

In order to capture new business opportunities, the Group has taken further steps to expand its operations in the PRC by cooperating with different partners with "asset-light" strategy. Taking the advantage of its leading position in the industry, the Group is confident that this strategy and business model will deliver long-term benefits to the Company and the Shareholders as a whole.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the Period.

CORPORATE GOVERNANCE

The Company complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules during the Period, except for the following deviation:

Code provision A.2.1

Mr. Chan Chun Hong, Thomas ("**Mr. Chan**") currently takes up the roles of both the chairman of the Board and the chief executive officer, which deviates from 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 operations of the Group which is of great value in enhancing the efficiency to cope with the dynamic business environment. The daily business operation of the Group is delegated to various experienced individuals under the supervision of Mr. Chan. Furthermore, the Board believes that a balance of power and authority is adequately ensured by the operations of the Board which 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 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, all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The Audit Committee 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 the independent non-executive Directors, namely Mr. Wong Ping Yuen, Mr. Ng Yat Cheung and Mr. Lau King Lung, and is chaired by Mr. Wong Ping Yuen. The Audit Committee has reviewed with the management and the Company's external auditors the consolidated annual results of the Group for the Period.

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 Annual Report containing all the information required by the Listing Rules will be dispatched to the 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, 29 June 2020

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 Ping Yuen.