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## **CHINA AGRI-PRODUCTS EXCHANGE LIMITED**

**中國農產品交易所有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 0149)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

#### **INTERIM RESULTS**

The board of directors (the “**Board**” or the “**Director(s)**”) of China Agri-Products Exchange Limited (the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**”) is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2024 (the “**Period**”), together with the comparative figures for the six months ended 30 September 2023 (the “**2023 Corresponding Period**”). This interim condensed consolidated financial information was not audited, but has been reviewed by the audit committee of the Company (the “**Audit Committee**”).

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*Six months ended 30 September 2024*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2024</b>	2023
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	4	<b>303,090</b>	324,693
Cost of sales		<u>(163,122)</u>	<u>(162,323)</u>
<b>Gross profit</b>		<b>139,968</b>	162,370
Other income and gains, net	5	<b>42,634</b>	15,412
General and administrative expenses		<b>(83,616)</b>	(78,713)
Selling expenses		<b>(13,627)</b>	(15,567)
Gain on early redemption of unsecured notes		<u>–</u>	<u>10,231</u>
<b>Profit from operations before</b>			
<b>fair value changes and impairment</b>		<b>85,359</b>	93,733
Impairment losses on financial assets, net		<b>(514)</b>	(559)
Fair value losses on financial assets			
at fair value through profit or loss, net		<b>(376)</b>	(69)
Fair value gains/(losses)			
on owned investment properties, net		<u>(8,147)</u>	<u>2,737</u>
<b>Profit from operations</b>		<b>76,322</b>	95,842
Finance costs	7	<u>(47,278)</u>	<u>(57,982)</u>
<b>Profit before taxation</b>	6	<b>29,044</b>	37,860
Income tax expense	8	<u>(3,054)</u>	<u>(22,020)</u>
<b>Profit for the period</b>		<u><b>25,990</b></u>	<u>15,840</u>

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit for the period</b>	<b>25,990</b>	<b>15,840</b>
<b>Other comprehensive income/(loss)</b>		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods</i>		
Exchange differences on translating foreign operations	<b>(11,110)</b>	(186,220)
Release of exchange reserve upon disposal of subsidiaries during the period	<b>12,940</b>	–
<b>Other comprehensive income/(loss) for the period</b>	<b>1,830</b>	(186,220)
<b>Total comprehensive income/(loss) for the period</b>	<b>27,820</b>	<b>(170,380)</b>
<b>Profit for the period attributable to:</b>		
Owners of the parent	<b>10,281</b>	7,995
Non-controlling interests	<b>15,709</b>	7,845
Total	<b>25,990</b>	15,840
<b>Total comprehensive income/(loss) for the period attributable to:</b>		
Owners of the parent	<b>12,358</b>	(153,132)
Non-controlling interests	<b>15,462</b>	(17,248)
Total	<b>27,820</b>	(170,380)
<b>Earnings per share attributable to ordinary equity holders of the parent</b>		
– Basic and diluted ( <i>HK cent</i> )	<b>0.10</b>	0.08

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2024

	30 September 2024 (Unaudited) <i>Notes</i> <i>HK\$'000</i>	31 March 2024 (Audited) <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	62,968	61,988
Right-of-use assets	15,327	18,270
Investment properties	2,662,575	2,809,556
Loan and interest receivables	8,331	8,021
Prepayments	7,614	6,787
Deferred tax assets	5,203	5,320
	2,762,018	2,909,942
<b>CURRENT ASSETS</b>		
Properties under development	6,537	65,531
Properties held for sale	1,091,876	1,173,590
Trade receivables	11      1,622	2,055
Prepayment, deposits and other receivables	265,619	183,806
Loan and interest receivables	18,458	19,621
Financial assets at fair value through profit or loss	99	475
Pledged bank deposits	–	39,611
Cash and cash equivalents	243,533	243,435
	1,627,744	1,728,124
<b>CURRENT LIABILITIES</b>		
Trade and other payables	12      252,816	255,504
Contract liabilities	72,918	158,693
Receipts in advance	135,922	192,143
Interest-bearing bank and other borrowings	357,265	362,624
Lease liabilities	5,192	6,064
Land appreciation tax payable	29,356	31,304
Income tax payable	81,658	76,222
	935,127	1,082,554
Total current liabilities	935,127	1,082,554
Net current assets	692,617	645,570
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>3,454,635</b>	<b>3,555,512</b>

	<b>30 September 2024 (Unaudited) HK\$'000</b>	31 March 2024 (Audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	<b>811,704</b>	951,889
Lease liabilities	<b>24,676</b>	26,805
Deferred tax liabilities	<b>487,315</b>	508,074
	<hr/>	<hr/>
Total non-current liabilities	<b>1,323,695</b>	1,486,768
	<hr/>	<hr/>
<b>Net assets</b>	<b>2,130,940</b>	2,068,744
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
Equity attributable to owners of the parent		
Issued capital	<b>99,531</b>	99,531
Reserves	<b>1,589,911</b>	1,575,980
	<hr/>	<hr/>
Subtotal	<b>1,689,442</b>	1,675,511
Non-controlling interests	<b>441,498</b>	393,233
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<b>Total equity</b>	<b>2,130,940</b>	2,068,744
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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1. BASIS OF PREPARATION

China Agri-Products Exchange Limited (the “**Company**”) is a limited liability company incorporated in Bermuda and is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are described in note 3 to the unaudited interim condensed consolidated financial information.

The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 September 2024 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2024.

The accounting policies and the basis of preparation adopted in the preparation of this unaudited interim condensed consolidated financial information are consistent with those adopted in the Group’s audited consolidated financial statements for the year ended 31 March 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the revised HKFRSs as further explained in note 2 below.

This unaudited interim condensed consolidated financial information has been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss (“**FVTPL**”) which have been measured at fair value. This unaudited interim condensed consolidated financial information is presented in Hong Kong dollar (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

### 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current period’s unaudited interim condensed consolidated financial information:

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

### 3. OPERATING SEGMENT INFORMATION

The Group has two reportable segments under HKFRS 8, (i) agricultural produce exchange market operation and (ii) property sales. The segmentations are based on the information about the operation of the Group that management uses to make decisions and regularly review by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

#### Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment for the six months ended 30 September 2024 and 2023:

	Agricultural produce exchange market operation		Property sales		Unallocated		Consolidated	
	30 September		30 September		30 September		30 September	
	2024	2023	2024	2023	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>								
External sales	201,361	208,016	101,729	116,677	-	-	303,090	324,693
<b>Result</b>								
Segment result	92,702	102,364	(7,748)	12,179	-	-	84,954	114,543
Other income and gains, net	42,124	2,318	-	-	510	13,094	42,634	15,412
Reversal of impairment losses/ (impairment losses) on financial assets, net	(519)	(444)	-	-	5	(115)	(514)	(559)
Fair value losses on financial assets at FVTPL, net	-	-	-	-	(376)	(69)	(376)	(69)
Unallocated corporate expense							(50,376)	(33,485)
Profit from operations							76,322	95,842
Finance costs	(21,191)	(21,892)	-	-	(26,087)	(36,090)	(47,278)	(57,982)
Profit before tax							29,044	37,860
Income tax expense							(3,054)	(22,020)
Profit for the period							25,990	15,840

Segment result represents the profit/loss from each segment without allocation of certain other income and gains, net, fair value losses on financial assets at FVTPL, impairment losses/reversal of impairment losses on financial assets, net, central administrative costs and directors' remuneration, certain finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the six months ended 30 September 2024 and 2023.

#### Geographical information

As at the end of the reporting period, over 90% of the 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 is presented.

#### 4. REVENUE

Revenue is analysed as follows:

	Six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue from contracts with customers	202,652	222,056
Revenue from other sources		
Gross rental income from investment property operating leases	100,438	102,637
Total	<u>303,090</u>	<u>324,693</u>

#### Disaggregated revenue information from contracts with customers

	Six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
<b>Types of goods or services</b>		
<i>Property sales segment</i>		
Revenue from property sales	101,729	116,677
<i>Agricultural produce exchange market operation segment</i>		
Commission income from agricultural produce exchange market	42,253	45,136
Revenue from property ancillary services	43,903	44,752
Revenue from food and agricultural by-products merchandising	14,767	15,491
Total	<u>202,652</u>	<u>222,056</u>
<b>Geographical markets</b>		
Chinese Mainland	188,620	206,524
Hong Kong	14,032	15,532
Total	<u>202,652</u>	<u>222,056</u>
<b>Timing of revenue recognition</b>		
Goods or services transferred at a point in time	116,496	132,168
Services transferred over time	86,156	89,888
Total	<u>202,652</u>	<u>222,056</u>



## 5. OTHER INCOME AND GAINS, NET

	<b>Six months ended 30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b> <b>HK\$'000</b>	<b>(Unaudited)</b> <b>HK\$'000</b>
Bank and other interest income	945	1,353
PRC government grants*	3,857	1,180
Gain on disposal of subsidiaries	35,794	–
Others	2,038	12,879
	<u>42,634</u>	<u>15,412</u>
Total other income and gains, net	<u><u>42,634</u></u>	<u><u>15,412</u></u>

\* PRC government grants represent various form of subsidies granted to the Group by the local governmental authorities in the PRC for the operations support purpose on the Group's agricultural products exchange markets in the Chinese Mainland, which are awarded to enterprises on a discretionary basis. There are no unfulfilled conditions or contingencies relating to these grants.

## 6. PROFIT BEFORE TAXATION

The Group's profit before taxation is arrived at after charging/(crediting):

	<b>Six months ended 30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b> <b>HK\$'000</b>	<b>(Unaudited)</b> <b>HK\$'000</b>
Cost of properties sold	99,327	93,539
Cost of services provided	53,164	58,888
Cost of goods sold	10,631	9,896
Depreciation on property, plant and equipment	8,227	7,543
Depreciation on right-of-use assets	2,913	2,906
Losses/(gains) on disposal of items of property, plant and equipment, net	(19)	84
Foreign exchange difference, net	(367)	(236)
Impairment losses/(reversal of impairment losses) on financial assets, net:		
Trade receivables	157	517
Financial assets included in prepayment, deposits and other receivables	362	39
Loan and interest receivables	(5)	3
	<u>514</u>	<u>559</u>
Total	<u>514</u>	<u>559</u>
Fair value losses on sub-leased investment properties*	<u><u>1,429</u></u>	<u><u>1,203</u></u>

\* This item is included in "Cost of sales" on the face of the condensed consolidated statement of profit or loss and other comprehensive income.

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Interests on bank and other borrowings	46,230	50,590
Interests on unsecured notes	–	6,290
Interests on leases liabilities	1,048	1,102
	<hr/>	<hr/>
Total	<b>47,278</b>	<b>57,982</b>

## 8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. The provision for PRC land appreciation tax (“LAT”) is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at a fixed rate or ranges of progressive rates of the appreciation value, with certain allowable deductions.

	Six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Current – Hong Kong		
Charge for the period	–	43
Current – Chinese Mainland		
Charge for the period	11,947	9,551
LAT	11,052	9,436
Deferred	(19,945)	2,990
	<hr/>	<hr/>
Total tax charge for the period	<b>3,054</b>	<b>22,020</b>

## 9. INTERIM DIVIDEND

The board of directors does not recommend the payment of any interim dividend in respect of the six months ended 30 September 2024 (six months ended 30 September 2023: Nil).

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share for the six months ended 30 September 2024 is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the period of 9,953,067,822 (six months ended 30 September 2023: 9,953,067,822).

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 September 2024 and 2023 in respect of a dilution as the impact of the share options issued by the Company had no dilutive effect on the basic earnings per share amount presented.

The calculations of basic and diluted earnings per share amounts are based on:

	<b>Six months ended 30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b><u>Earnings</u></b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<b>10,281</b>	7,995

	<b>Number of shares</b>	
	<b>Six months ended 30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b><u>Shares</u></b>		
Weighted average number of ordinary shares used in the basic and diluted earnings per share calculation	<b>9,953,067,822</b>	9,953,067,822

## 11. TRADE RECEIVABLES

	<b>30 September</b>	<b>31 March</b>
	<b>2024</b>	<b>2024</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade receivables, gross	9,276	9,560
Less: Accumulated impairment	<u>(7,654)</u>	<u>(7,505)</u>
Net carrying amount	<b><u>1,622</u></b>	<b><u>2,055</u></b>

### **Ageing analysis**

Trade receivables, net of allowance for expected credit losses, with the following ageing analysis presented based on the payment terms on the tenancy agreement as of the end of the reporting period:

	<b>30 September</b>	<b>31 March</b>
	<b>2024</b>	<b>2024</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within 1 month	840	1,199
1 to 3 months	298	726
Over 3 months but within 6 months	147	77
Over 6 months	<u>337</u>	<u>53</u>
Total	<b><u>1,622</u></b>	<b><u>2,055</u></b>

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' request. The Group seeks to minimise its risk by dealing with counterparties which have good credit history. Majority of the trade receivables that are neither past due nor impaired have no default payment history.

## 12. TRADE AND OTHER PAYABLES

	<b>30 September 2024 (Unaudited) HK\$'000</b>	31 March 2024 (Audited) HK\$'000
<i>Trade payables</i>	<b>33,724</b>	45,348
<i>Deposits and other payables</i>		
Accrued charges	<b>24,730</b>	21,174
Deposit received	<b>96,627</b>	87,853
Interest payables	<b>17,652</b>	16,241
Other tax payables	<b>14,065</b>	16,006
Other payables	<b>66,018</b>	68,882
Subtotal	<b>219,092</b>	210,156
Total	<b>252,816</b>	255,504

The ageing analysis of trade payables as at the end of the reporting period, based on the invoice date is as follows:

	<b>30 September 2024 (Unaudited) HK\$'000</b>	31 March 2024 (Audited) HK\$'000
Within 1 month	<b>385</b>	14,867
1 to 3 months	<b>8</b>	105
Over 3 months but within 6 months	<b>481</b>	214
Over 6 months but within 12 months	<b>7,828</b>	8,270
Over 12 months	<b>25,022</b>	21,892
Total	<b>33,724</b>	45,348

The trade payables are non-interest-bearing and have an average term of 30 to 360 days. The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

Other payables are non-interest-bearing and are normally settled within one year.

## 13. COMPARATIVE AMOUNTS

Certain comparative amounts have been re-presented to conform with the current period's presentation and disclosures.

## INTERIM DIVIDEND

The Board has resolved not to declare any payment of interim dividend for the Period (for the six months ended 30 September 2023: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### SUMMARY OF FINANCIAL RESULTS

#### Revenue, Gross Profit and Segment Result

For the Period, the Group recorded a revenue of approximately HK\$303 million, representing a decrease of approximately HK\$22 million or approximately 7% from approximately HK\$325 million for the six months period ended 30 September 2023 as a result of the decrease in the property sales recognition as compared to that of the 2023 Corresponding Period. The below table summarises the key financial performance of the Group:

HK\$ million and approximate %	For the six months ended 30 September 2024			For the six months ended 30 September 2023		
	Agricultural Produce Exchange Market Operations	Property Sales	Total	Agricultural Produce Exchange Market Operations	Property Sales	Total
Revenue	201	102	303	208	117	325
Gross Profit	138	2	140	139	23	162
Segment Result	93	(8)	85	102	12	114
Gross Profit to Revenue	69%	2%	46%	67%	20%	50%
Segment Result to Revenue	46%	(8%)	28%	49%	10%	35%

During the Period, the Group recorded a gross profit and a segment result of approximately HK\$140 million and approximately HK\$85 million, respectively (for the six months ended 30 September 2023: approximately HK\$162 million and approximately HK\$114 million, respectively), representing a decrease of approximately 14% and a decrease of approximately 25%, respectively, as compared to the 2023 Corresponding Period. The decrease in gross profit was mainly due to drop in gross profit in property sales during the Period. The decrease in segment result was mainly due to the drop in gross profit in property sales and increase in fair value losses on owned investment properties.

## **General and Administrative Expenses, Selling Expenses and Finance Costs**

The Group recorded general and administrative expenses of approximately HK\$84 million in the Period (the 2023 Corresponding Period: approximately HK\$79 million). The increase is mainly due to the increase in legal and professional fee during the Period. Selling expenses were approximately HK\$14 million in the Period (the 2023 Corresponding Period: approximately HK\$16 million). Finance costs were approximately HK\$47 million in the Period (the 2023 Corresponding Period: approximately HK\$58 million) and such decrease is mainly due to the repayments of interest-bearing debts during the Period.

## **Fair Value Gains/Losses on Owned Investment Properties, Net**

The fair value losses on owned investment properties, net was approximately HK\$8 million (the 2023 Corresponding Period: gains approximately HK\$3 million). Such losses are mainly due to decrease in fair value on owned investment properties of Wuhan Baisazhou Agricultural and By-Product Exchange Market. 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 and the valuations conform to the Valuation Standard of The Hong Kong Institute of Surveyors.

## **Fair Value Losses on Financial Assets at Fair Value through Profit or Loss, Net**

During the period fair value losses, net of financial assets was approximately HK\$0.4 million (the 2023 Corresponding Period: fair value losses, net of approximately HK\$0.1 million).

## **Profit for the Period Attributable to Owners of the Parent**

The profit for the period attributable to owners of the parent was approximately HK\$10 million as compared with approximately HK\$8 million in the 2023 Corresponding Period. The Group recorded profit from operations before fair value change and impairment of approximately HK\$85 million and profit from operations of approximately HK\$76 million for the Period (the 2023 Corresponding Period: approximately HK\$94 million and approximately HK\$96 million, respectively).

## REVIEW OF OPERATIONS

During the Period, the Group was principally engaged in the management of and sales of properties in agricultural produce exchange markets in Hong Kong and the People's Republic of China (“**PRC**”). On one hand, it is expected that the Chinese economy will experience gradual recovery. On the other hand, the Chinese real estate market downfall evened out this positive factor. However, these factors did not significantly affect the Group's performance due to the nature of its business model. To cope with the future growth, the Group has been actively evaluating various business opportunities which can help diversify the income streams of the Group and to deliver long-term benefits to the shareholders of the Company (the “**Shareholders**”).

### Agricultural Produce Exchange Markets

#### *Hubei Province*

##### *Wuhan Baisazhou Market*

Wuhan Baisazhou Agricultural and By-Product Exchange Market (“**Wuhan Baisazhou Market**”) is one of the largest agricultural produce exchange market 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 one of the most notable agricultural produce exchange markets in Hubei Province. Wuhan Baisazhou Market was awarded “Top 10 of National Agricultural Products Comprehensive Wholesale Markets” by China Agricultural Wholesale Market Association in 2022. The award was a sign to the market contribution being made by the Group and its effort and expertise as an agricultural produce exchange market operator in the PRC. Rental income received from agricultural produce exchange market operation is the major income generated from Wuhan Baisazhou Market.

##### *Huangshi Market*

Huangshi Hongjin Agricultural and By-Product Exchange Market (“**Huangshi Market**”) is a joint venture project of the Group founded in Huangshi City in January 2015 with an operating area of approximately 23,000 square metres. Huangshi City is a county level city in Hubei Province and is around 100 kilometres away from Wuhan Baisazhou Market. Huangshi Market, as a second-tier agricultural produce exchange market, created synergy with Wuhan Baisazhou Market to boost vegetables and by-products trading. During the Period, the revenue of Huangshi Market increased by approximately 5% as compared to the 2023 Corresponding Period.

### *Suizhou Market*

Suizhou Baisazhou Agricultural and By-Product Exchange Market (“**Suizhou Market**”) is another joint venture project of the Group founded in March 2018. It occupies approximately 240,000 square metres. The Group pursued asset-light operation business model by taking up the contract management rights to operate this market. During the Period, the revenue of Suizhou Market increased by approximately 6% as compared to the 2023 Corresponding Period.

### *Henan Province*

#### *Luoyang Market*

Luoyang Hongjin Agricultural and By-Product Exchange Market (“**Luoyang Market**”) is the flagship project of the Group in Henan Province, the PRC, with a site area of approximately 255,000 square metres. Luoyang Market was awarded “Top 50 of National Agricultural Products Comprehensive Wholesale Markets” by China Agricultural Wholesale Market Association in 2022. During the Period, the revenue of Luoyang Market decreased by approximately 42% due to the decrease of properties sale recognition, as compared to the 2023 Corresponding Period.

#### *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 faced keen competition from a new market. The revenue of Puyang Market increased by approximately 26% mainly due to increase of properties sale recognition during the Period as compared to that of the 2023 Corresponding Period.

#### *Kaifeng Market*

Kaifeng Hongjin Agricultural and By-Product Exchange Market (“**Kaifeng Market**”), with a gross floor construction area of approximately 140,000 square metres, is the Group’s third market operation point for the facilitation of the building of an agricultural produce exchange market network in Henan Province, the PRC. Kaifeng Market was awarded “Top 50 of National Agricultural Products Comprehensive Wholesale Markets” by China Agricultural Wholesale Market Association in 2021. During the Period, the revenue of Kaifeng Market increased by approximately 4% due to the increases of property rental income as compared to that of the 2023 Corresponding Period.



## ***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 (“**Guangxi Region**”) with a site area of approximately 415,000 square metres. During the Period, the revenue of Yulin Market decreased by approximately 2% due to the decrease of properties sale recognition and properties rental income during the Period as compared to the 2023 Corresponding Period.

### *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 Group’s second market operation point for the facilitation of the building of an agricultural produce market network in the Guangxi Region. During the Period, the revenue of Qinzhou Market increased by approximately 6% due to increase in properties rental income as compared to the 2023 Corresponding Period.

## ***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. Xuzhou Market was awarded “Top 100 of National Agricultural Products Wholesale Markets” by China Agricultural Wholesale Market Association in 2022. During the Period, the revenue of Xuzhou Market increased by approximately 2% as compared to the 2023 Corresponding Period.

### *Huai’an Market*

Huai’an Hongjin Agricultural and By-Product Exchange Market (“**Huai’an Market**”) occupies approximately 100,000 square metres, is located at Huai’an City of Jiangsu Province, the PRC. During the Period, the revenue of Huai’an Market increased by approximately 6% due to the increase of properties sales recognition during the Period as compared to the 2023 Corresponding Period. In May 2024, the Group entered into a sale and purchase agreement for the disposal of, among others, its interests in Huai’an Market. The Group had ceased the interest on Huai’an Market after the completion. The disposal was completed on 5 September 2024.

## *Liaoning Province*

### *Panjin Market*

Panjin Hongjin Agricultural and By-Product Exchange Market (“**Panjin Market**”), with a construction area of around 50,000 square metres, is the Group’s first attempt in investment in Liaoning Province, the PRC. Panjin Market focused on the trading of river crabs and held regular market fairs. During the Period, the revenue of Panjin Market increased by approximately 19% due to the increase of rental income during the Period as compared to the 2023 Corresponding Period.

### **E-commerce Development**

With the robust mobile network and widespread use of intelligent mobile devices in the PRC, the Group allocated cost effective resources to e-commerce development. The Group has launched a new electronic trading platform for energising the efficiency of agricultural produce exchange markets. At the moment, the Group has adopted continuous cost control measures in electronic trading platform development.

### **Cyber Risk and Security**

With information technology and internet network playing vital roles in its operation, the Group has designated professionals to monitor and assess potential cyber risks. Both hardware and software are kept track with appropriate company policies. Potential cyber risks and network security is one of the key concerns of management, thus the Group has formulated policies and procedures to regulate the use of internet, to physically safeguard system power supply and to regularly update internet protection system and firewall to separate the intranet of the Group from 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. Management believes that effective policies and procedures have been put in place to avoid data fraud or theft risk.

### **Environmental and Social Risk**

Due to the nature of the business, the Group will face a moderate environmental risk in case of severe and permanent climate change across the PRC. Such risk may have an adverse impact on agricultural production thereby affecting the revenue of the Group in agricultural produce exchange market operation and property sales.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2024, the Group had total cash and cash equivalents amounting to approximately HK\$244 million (31 March 2024: approximately HK\$243 million) whilst total assets and net assets were approximately HK\$4,390 million (31 March 2024: approximately HK\$4,638 million) and approximately HK\$2,131 million (31 March 2024: approximately HK\$2,069 million), respectively. The Group's gearing ratio as at 30 September 2024 was approximately 43.4% (31 March 2024: approximately 49.9%), being a ratio of (i) total interest-bearing bank and other borrowings of approximately HK\$1,169 million (31 March 2024: approximately HK\$1,315 million), net of cash and cash equivalents and pledged bank deposits of approximately HK\$244 million (31 March 2024: approximately HK\$283 million) to (ii) shareholders' funds of approximately HK\$2,131 million (31 March 2024: approximately HK\$2,069 million).

As at 30 September 2024, the ratio of total interest-bearing bank and other borrowings of approximately HK\$1,169 million (31 March 2024: approximately HK\$1,315 million) to total assets of approximately HK\$4,390 million (31 March 2024: approximately HK\$4,638 million) was approximately 27% (31 March 2024: approximately 28%).

## MATERIAL DISPOSAL

### Disposal of the Huai'an Market Interests

On 25 May 2024, the Group has entered into a sale and purchase agreement (the "SPA") with an independent third party (the "Purchaser") for the disposal of the entire equity interests of a subsidiary (the "Target Company") holding, among others, the property interests in the Huai'an Market (the "Disposal") for an initial consideration of approximately RMB28.9 million (equivalent to approximately HK\$31.9 million) subject to adjustments. The consideration should be adjusted subject to a maximum adjusted total consideration of approximately RMB71.7 million. After such adjustment, the final consideration was approximately RMB66.4 million, the Company recorded a gain on the Disposal of approximately HK\$35.8 million. The Purchaser has also undertaken under the SPA to provide funding to the Target Company in the amount of approximately RMB140.5 million (equivalent to approximately HK\$154.9 million) for the Target Company's repayment of certain intercompany loans owned to the Company's subsidiaries. The Group had ceased the interest on Huai'an Market after the completion. The Disposal was completed on 5 September 2024. Further details of the Disposal are set out in announcement of the Company dated 25 May 2024 and the circular of the Company dated 17 June 2024.

## MEDIUM TERM NOTES

On 23 August 2024, the Company announced the establishment of HK\$1,000,000,000 medium-term note programme (the "Programme").

Details of the Programme were disclosed in the Company's announcements dated 11 July 2024, 19 August 2024, 23 August 2024 and the Company's circular dated 1 August 2024.

## CAPITAL COMMITMENTS, PLEDGES AND CONTINGENT LIABILITIES

As at 30 September 2024, outstanding capital commitments, contracted but not provided for, amounted to approximately HK\$32 million (31 March 2024: approximately HK\$167 million) in relation to the purchase of property, plant and equipment and construction contracts. As at 30 September 2024, the Group provided guarantees of approximately HK\$19.6 million to customers in favour of certain banks for the loans provided by the banks to the customers of the properties sold (31 March 2024: approximately HK\$22.8 million), representing the contingent liabilities of approximately HK\$86,000 (31 March 2024: approximately HK\$129,000) in relation to such guarantees. Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any sales proceeds.

As at 30 September 2024, certain property, plant and equipment, owned investment properties and certain rental income generated therefrom, properties held for sale and pledged bank deposits with carrying amount of approximately HK\$2,081 million (31 March 2024: approximately HK\$2,208 million worth of assets pledged) were pledged to secure certain interest-bearing bank borrowings.

The Group did not have any outstanding foreign exchange contracts, interest or currency swaps or other financial derivatives as at 30 September 2024. 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 the PRC 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 30 September 2024 and 31 March 2024, interest-bearing bank and other borrowings of the Group were analyzed as follows:

	As at 30 September 2024		As at 31 March 2024	
	Carrying amount <i>HK\$ million</i>	Approximate effective interest rate <i>(per annum)</i>	Carrying amount <i>HK\$ million</i>	Approximate effective interest rate <i>(per annum)</i>
Financial Institution Borrowings <i>(note *)</i>	774	5%	935	6%
Non-financial Institution Borrowings <i>(note *)</i>	395	10%	380	10%
<b>Total</b>	<b>1,169</b>		<b>1,315</b>	

Notes:

\* as mentioned in the above table were made in Hong Kong dollars and RMB with fixed and floating interest rates.

As at 30 September 2024, the financial institution borrowings of the Company will mature during the period from October 2024 to May 2029 (31 March 2024: April 2024 to May 2029); and the non-financial institution borrowings of the Company will mature in May 2027 (31 March 2024: in May 2027).

## TREASURY POLICY

The Group's treasury policy includes diversification of funding sources. Internally generated cash flow and interest-bearing bank/non-financial institution loans were the general sources of fund to finance the operation of the Group during the Period. The Group regularly reviews its major funding positions so as 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 from time to time considers various types of equity and debt financing alternative, including but not limited to placement of new shares, rights issue of new shares, financial institution borrowings, non-financial institution borrowings, bonds issuance, convertible notes issuance, other debt financial instruments issuance, disposal of investment properties and sales of properties held for sale.

## **MATERIAL VALUATION METHOD OF INVESTMENT PROPERTIES AND REVIEW OF THE AUDIT COMMITTEE**

The investment properties of the Group were stated at fair value as at 30 September 2024. 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 The Hong Kong Institute of Surveyors Valuation Standards 2020, which incorporates the International Valuation Standards (IVS). The professional valuers valued the investment portion of the properties on the basis of capitalisation of the net income derived from the properties rental and made reference to the asking or transaction price of market comparable. For vacant site and 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, nature, 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.

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

As at 30 September 2024, the Group did not have any concrete plan for material investments or capital assets nor acquisition or disposal of subsidiaries except for the disposal of Huai’an Market in May 2024 as mentioned in the section of “**MATERIAL DISPOSAL – Disposal of the Huai’an Market Interests**” in this announcement.

## **RISK FACTORS RELATING TO OUR INDUSTRY AND BUSINESS OPERATIONS**

As at 30 September 2024, the Group operated 10 agricultural produce exchange markets across five provinces in the PRC. In view of the ever-changing business environment in the PRC, the following 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 which the Group periodically monitors the exchange rate fluctuation, and prepares effective hedging mechanism to deal with adverse conditions in forex market, if necessary;

- (2) difficulty in obtaining adequate financing, in both equity and debt financing, to support the Group's agricultural produce exchange markets that are capital intensive in nature. The Group regularly reviews the short-term and long-term liquidity level and prepare for the future capital need, as and when appropriate;
- (3) difficulty in preserving or enhancing the Group's competitive position in the agricultural produce exchange markets industry, in which the Group has designated personnel to monitor the market activities of competitors and formulate effective strategies to preserve our competitive position;
- (4) difficulty in maintaining or enhancing the level of occupancy in the Group's agricultural produce exchange markets, in which the Group launches, from time to time, various marketing campaigns to retain existing tenants and to attract new tenants;
- (5) challenges in obtaining promptly all necessary licenses and permits for development, construction, operations and acquisition of agricultural produce exchange markets. The Group hires sufficient local staff members with professional qualifications to ensure all processes comply with local rules and regulations; and
- (6) the effect of regulatory changes and amendments relating to agricultural produce exchange markets which affect operation and development of the Group, in both the national and local levels. The Group maintains a relatively flat organization structure and a high autonomous level to enable quick response to any changes in different aspects.

#### **EVENT AFTER REPORTING PERIOD**

There is no material subsequent event undertaken by the Company or by the Group after 30 September 2024 and up to the date of this announcement.

#### **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2024, the Group had 933 employees (31 March 2024: 1,048), 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 share option scheme of the Company was on 26 August 2022 for the primary purpose of rewarding eligible participants and to encourage them to work towards enhancing the value of the Company for the benefit of the Company and the Shareholders as a whole.



## PROSPECTS

During the Period, consumer spending were in more cautious manner and the downfall of Chinese real estate hindered the economic growth. Such effects have impact on the Group's operation which is mainly focused on the PRC agricultural products 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.

According to the No. 1 Document of the Central Committee of the Communist Party of China (“CPC”) in 2024, national governance still focuses on agriculture, which proposes various measures to revitalize rural development, including: to ensure national food security, to eliminate large-scale poverty, to raise the standards of rural industrial development, rural construction and rural governance, and to strengthen CPC's overall leadership over the work of “agriculture rural areas and farmers” (“**Three Rural**”). Agricultural and rural departments and rural revitalization departments at all levels are fully implementing the spirit of the 20th National Congress of CPC and the Second Plenary Session of the 20th Central Committee of the CPC and the Second Plenary of the 20th Central Committee of the Chinese Communist Party through in-depth implementation of the Three Rural work, establishing the goal of building a strong agricultural country and learning and utilizing the experience of “Zhejiang's Green Rural Revival Program”, while insisting on people-oriented development that adapts to local conditions and adopts different policies as appropriate, making gradual and orderly progress to achieve long-term results and concentrating on accomplishing practical matters that are palpable to the public, in order to make substantial progress and meet milestone targets.

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 an “asset light” strategy. It has also explored electronic platform development to capture the opportunity of technology advancement brought by the promotion of data economy by the PRC government. The Group further expanded its operations to wet market and trading by leveraging on its leading position in the industry, the Group is confident that its business strategy and operation model will deliver long-term benefits to the Company and the Shareholders as a whole.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 31 March 2024 (the “**Redemption Date**”), the Company has redeemed all outstanding Listed Notes (i.e. in the principal amount of HK\$40 million) pursuant to condition 6(B) (Early redemption right of the Issuer) of the terms and conditions of the Listed Notes (the “**Conditions**”) set out in the offering circular dated 19 May 2014 (the “**Offering Circular**”) and the pricing supplement to the Offering Circular dated 26 May 2014, at a price equal to 92.88% of the principal amount excluding interest accrued to and including the Redemption Date.

Subsequent to the redemption of all outstanding Listed Notes, the Listed Notes were delisted on 8 April 2024.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the Period.



## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with a strong emphasis on transparency, accountability, integrity and independence and enhancing the Company's competitiveness and operating efficiency, to ensure its sustainable development and to generate greater returns for the Shareholders.

The Board has reviewed the corporate governance practices of the Company and is satisfied that the Company had applied the principles and complied with the code provisions set out in the Corporate Governance Code as contained in Appendix C1 to the Listing Rules throughout the Period.

## **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 C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all Directors, all Directors confirmed that they had complied with the required standards 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, risk management and other corporate government issues. The Audit Committee comprises all the independent non-executive Directors, namely Mr. Wong Ping Yuen, Mr. Lau King Lung and Mr. Shang Hai Long, and is chaired by Mr. Wong Ping Yuen. The Audit Committee has reviewed and discussed with the management the unaudited condensed consolidated interim results of the Group for the Period.

## **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](http://www.hkexnews.hk)) and the Company ([www.cnagri-products.com](http://www.cnagri-products.com)). The 2024 interim report of the Company containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the above websites in due course.

By Order of the Board  
**CHINA AGRI-PRODUCTS EXCHANGE LIMITED**  
中國農產品交易所有限公司  
**Leung Sui Wah, Raymond**  
*Executive Director and Chief Executive Officer*

Hong Kong, 27 November 2024

*As at the date of this announcement, the executive Directors are Mr. Tang Ching Ho, Mr. Leung Sui Wah, Raymond, Mr. Wong Ka Kit and Ms. Luo Xu Ying and the independent non-executive Directors are Mr. Lau King Lung, Mr. Wong Ping Yuen and Mr. Shang Hai Long.*