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## **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)**

#### **DISCLOSEABLE TRANSACTION REGARDING LOAN ADVANCE TO YANHE TOWN GOVERNMENT, QINGPU DISTRICT, HUAI'AN CITY**

##### **LOAN ADVANCE TO YANHE TOWN GOVERNMENT**

On 25 July 2014, the PRC Subsidiary (a wholly-owned subsidiary of the Company) entered into the New Loan Agreement with the Yanhe Town Government (the borrower) and the Qingpu District Government (the guarantor) in relation to the provision of an interest free guaranteed loan of RMB18 million to the Yanhe Town Government. The Loans shall only be applied by the Yanhe Town Government for the purpose of land expropriation in Huai'an City.

##### **IMPLICATIONS UNDER THE LISTING RULES**

The transaction contemplated under the New Loan Agreement, when aggregated with the transaction under the Existing Loan Agreement, constitutes a discloseable transaction for the Company under the Listing Rules on the basis that the consideration ratio (as defined under the Listing Rules) in respect of the aggregate transactions exceeds 5% and is below 25%, which are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

##### **THE LOAN AGREEMENTS**

	<b>New Loan Agreement</b>	<b>Existing Loan Agreement</b>
<b>Date</b>	25 July 2014	16 May 2014
<b>Lender</b>	PRC Subsidiary, a company incorporated in the PRC with limited liability and is indirectly wholly owned by the Company as at the date of this announcement	PRC Subsidiary, a company incorporated in the PRC with limited liability and is indirectly wholly owned by the Company as at the date of this announcement

	<b>New Loan Agreement</b>	<b>Existing Loan Agreement</b>
<b>Borrower</b>	Yanhe Town Government	Yanhe Town Government
<b>Guarantor</b>	Qingpu District Government	Qingpu District Government
<b>Loans</b>	RMB18 million	RMB2 million
<b>Interest rate</b>	<p>The RMB18 Million Loan shall be interest free, however, if (i) the PRC Subsidiary fails to win the Tender for the 73 Mu Land or enter into the Confirmation Letter or (ii) the Yanhe Town Government fails to deliver the land of an area of 170 mu in Huai'an City to the PRC Subsidiary in 30 days from the date the RMB 18 Million Loan is advanced, the RMB18 Million Loan shall be subject to the prevailing bank interest rate accrued from the date of the actual loan advance until the loan is fully repaid</p> <p>An additional default interest at the rate of 0.1% per day on the outstanding loan amount will be charged if the Yanhe Town Government defaults in repayment</p>	<p>The RMB2 Million Loan shall be interest free, however, if the Yanhe Town Government does not apply the loan for the intended purpose or defaults in repayment, the RMB2 Million Loan shall be subject to the prevailing bank interest rate accrued from the date of the actual loan advance until the loan is fully repaid</p>
<b>Use of Loans</b>	Solely used for the payment of the costs to be incurred for the 170 mu land expropriation in Huai'an City by the Yanhe Town Government in relation to the logistics centre project of the PRC Subsidiary	Solely used for the payment of the costs to be incurred for the expropriation of the 73 Mu Land in Huai'an City by the Yanhe Town Government
<b>Repayment</b>	The RMB18 Million Loan shall be repaid within 30 days from (i) the date the full payment for the acquisition of the 73 Mu Land has been paid pursuant to the Confirmation Letter; or (ii) 31 December 2014 (whichever is earlier)	The RMB2 Million Loan shall be repaid by the Yanhe Town Government within 15 business days after the 1st instalment payment for the acquisition of the 73 Mu Land has been paid
<b>Undertaking</b>	<p>The Yanhe Town Government undertakes to deliver the land of approximately 170 mu in Huai'an City to the PRC Subsidiary for the development and construction of its logistics centre project within 30 days after the date of the RMB18 Million Loan being received</p> <p>As at the date of this announcement, the PRC Subsidiary and the Yanhe Town Government have entered into a lease agreement pursuant to which the Yanhe Town Government agreed to lease the said land with an area of 180 mu in Huai'an City to the PRC Subsidiary for a term of 10 years at an annual rental of RMB 270,000, unless and until the land is being listed for bidding</p>	—

The Group will finance the Loans by the internal resources available to the Group. To the best knowledge and information of the Directors, the 73 Mu Land will be listed for bidding in mid-August 2014 pursuant to the announcement issued by Huai'an Land Bureau dated 21 July 2014, and the PRC Subsidiary will participate to bid for the Tender.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENTS**

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

The Loans provided to the Yanhe Town Government will help facilitate the land expropriation process in Yanhe Town, Qingpu District, Huai'an City, and increase the lands available for tender by the PRC governmental authorities in Huai'an City. The Directors consider that the terms of the Loans are fair and reasonable having taken into account the potential development and construction for the logistics centre project in Huai'an City, the guarantee provided by the Qingpu District Government and the interests to be accrued in case the PRC Subsidiary failed to win the Tender.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Loan Agreements are in the interests of the Company and its shareholders as a whole and the terms thereof are on normal commercial terms and are fair and reasonable.

## **IMPLICATIONS UNDER THE LISTING RULES**

The transaction contemplated under the New Loan Agreement, when aggregated with the transaction under the Existing Loan Agreement, constitutes a discloseable transaction for the Company under the Listing Rules on the basis that the consideration ratio (as defined under the Listing Rules) in respect of the aggregate transactions exceeds 5% and is below 25%, which are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Yanhe Town Government and the Qingpu District Government and their respective ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected person(s) (as defined in the Listing Rules).

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the same meanings set out below:

“73 Mu Land”	being the land located at 淮海南路東側, 北環路北側 (East side of Huai Hai Nan Lu, North side of Bei Huan Lu <sup>#</sup> ) with an area of approximately 73 mu in Huai'an City, the PRC which is intended to be used for the logistics centre project of the PRC Subsidiary
“Board”	the board of Directors
“Company”	China Agri-Products Exchange Limited 中國農產品交易有限公司, a company incorporated in Bermuda with limited liability and whose shares are listed on the main board of the Stock Exchange

“Confirmation Letter”	土地成交確認書(the letter confirming the successful bidding at the Tender <sup>#</sup> ) for the acquisition of the land use rights of the 73 Mu Land
“Director(s)”	the director(s) of the Company
“Existing Loan Agreement”	the loan agreement dated 16 May 2014 entered into between the PRC Subsidiary as lender, the Yanhe Town Government as borrower and Qingpu District Government as guarantor in relation to the RMB2 Million Loan
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huai’an Land Bureau”	淮安市國土資源局 (the Bureau of Land Resources of Huai’an <sup>#</sup> ), a local government authority of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreements”	collectively, the New Loan Agreement and the Existing Loan Agreement
“Loans”	collectively, the RMB2 Million Loan and the RMB18 Million Loan
“New Loan Agreement”	the loan agreement dated 25 July 2014 entered into between the PRC Subsidiary as lender, the Yanhe Town Government as borrower and Qingpu District Government as guarantor in relation to the RMB18 Million Loan
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC Subsidiary”	淮安宏進農副產品物流有限公司 (Huai’an Hong-Jin Agricultural By-products Logistics Company Limited <sup>#</sup> ), an indirect wholly-owned subsidiary of the Company established in the PRC
“Qingpu District Government”	淮安市清浦區人民政府 (Qingpu District Government <sup>#</sup> ), being the local government of Qingpu District, Huai’an City, the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tender”	掛牌出讓 (the public tender <sup>#</sup> ) for the sale of the land use rights of the 73 Mu Land
“RMB”	Renminbi, the lawful currency of the PRC
“RMB2 Million Loan”	the RMB2 million loan advanced to Yanhe Town Government under the Existing Loan Agreement
“RMB18 Million Loan”	the RMB18 million loan advanced to Yanhe Town Government under the New Loan Agreement

“Yanhe Town Government” 淮安市清浦區鹽河鎮人民政府 (Huai’an Qingpu District Yanhe Town Government<sup>#</sup>), being the local government of Yanhe Town, Qingpu District, Huai’an City, the PRC

“%” per cent.

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, 25 July 2014

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

*<sup>#</sup> Denotes English translation of Chinese name and address and is provided for identification purpose only*