



CODE AGRICULTURE (HOLDINGS) LIMITED

科地農業控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 8153)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTH ENDED 30 SEPTEMBER 2018

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This announcement, for which the directors (the "Director(s)") of Code Agriculture (Holdings) Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

INTERIM RESULTS (UNAUDITED)

The board of Directors (the "Board") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2018 (the "Period"), together with the unaudited comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the six months ended 30 September 2018

	Notes	Three months ended 30 September		Six months ended 30 September	
		2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Revenue	6	4,621	4,148	9,426	13,348
Cost of sales and services		(3,087)	(1,228)	(5,361)	(3,757)
Gross profit		1,534	2,920	4,065	9,591
Other income	7	15	34	49	68
Distribution costs		(40)	(70)	(115)	(153)
Administrative expenses		(3,019)	(3,813)	(6,613)	(7,047)
Net fair value (loss) gain on financial assets at fair value through profit or loss		(2,701)	(5,328)	442	532
Finance costs	8	(10,469)	(8,305)	(18,920)	(16,144)
Loss before income tax	9	(14,680)	(14,562)	(21,092)	(13,153)
Income tax credit	10	27	126	32	262
Loss for the period		(14,653)	(14,436)	(21,060)	(12,891)
Loss attributable to:					
Owners of the Company		(14,590)	(14,410)	(20,922)	(12,820)
Non-controlling interests		(63)	(26)	(138)	(71)
		(14,653)	(14,436)	(21,060)	(12,891)
		HK cents	HK cents	HK cents	HK cents
Loss per share attributable to owners of the Company	11	(0.77)	(0.86)	(1.05)	(1.09)
Basic and diluted		(0.77)	(0.86)	(1.05)	(1.09)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)**

For the six months ended 30 September 2018

	Three months ended 30 September		Six months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(14,653)	(14,436)	(21,060)	(12,891)
Other comprehensive income <i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations	(9)	(280)	621	(558)
Total comprehensive expense for the period	<u>(14,662)</u>	<u>(14,716)</u>	<u>(20,439)</u>	<u>(13,449)</u>
Total comprehensive expense attributable to:				
Owners of the Company	(14,662)	(14,640)	(20,492)	(13,299)
Non-controlling interests	–	(76)	53	(150)
	<u>(14,662)</u>	<u>(14,716)</u>	<u>(20,439)</u>	<u>(13,449)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	(Unaudited) As at 30 September 2018 HK\$'000	(Audited) As at 31 March 2018 HK\$'000
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	2,464	4,659
Goodwill	20	–
Other intangible assets	390	444
	<u>2,874</u>	<u>5,103</u>
Current assets		
Inventories	119	172
Loan receivables	4,242	3,995
Trade receivables	30,291	28,505
Prepayments, deposits and other receivables	5,052	5,402
Amount due from a related company	–	2,802
Financial assets at fair value through profit or loss	5,564	9,717
Cash and cash equivalents	740	2,063
	<u>46,008</u>	<u>52,656</u>
Current liabilities		
Trade payables	8,504	6,256
Other payables and accruals	15,349	12,883
Amount due to a non-controlling shareholder of a subsidiary	718	754
Borrowings	17,589	40,797
Convertible bonds	159,806	76,626
Tax payable	2,235	2,415
	<u>204,201</u>	<u>139,731</u>
Net current liabilities	<u>(158,193)</u>	<u>(87,075)</u>
Total assets less current liabilities	<u>(155,319)</u>	<u>(81,972)</u>

		(Unaudited)	(Audited)
		As at	As at
		30 September	31 March
		2018	2018
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Non-current liabilities			
Deferred tax liabilities		146	158
Convertible bonds	15	–	89,336
		<u>146</u>	<u>89,494</u>
Net liabilities		<u>(155,465)</u>	<u>(171,466)</u>
EQUITY			
Capital and reserves			
Share capital		1,006	760
Reserves		(148,802)	(164,504)
		<u>(147,796)</u>	<u>(163,744)</u>
Equity attributable to owners of the Company		(147,796)	(163,744)
Non-controlling interests		(7,669)	(7,722)
		<u>(155,465)</u>	<u>(171,466)</u>
Capital deficiency		<u>(155,465)</u>	<u>(171,466)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Equity component of convertible bonds	Capital reserve	Merger reserve	Exchange reserve	Accumulated losses			
	HK'000	HK'000	HK'000	HK'000	HK'000 (note (a))	HK'000	HK'000	HK'000	HK'000	HK'000
At 1 April 2017 (audited)	457	92,635	46,835	6,000	(197)	199	(303,957)	(158,028)	(7,349)	(165,377)
Loss for the period	-	-	-	-	-	-	(12,820)	(12,820)	(71)	(12,891)
Other comprehensive income										
- Exchange differences on translation of foreign operations	-	-	-	-	-	(479)	-	(479)	(79)	(558)
Total comprehensive expense for the period	-	-	-	-	-	(479)	(12,820)	(13,299)	(150)	(13,449)
Conversion of convertible bonds	120	17,142	(3,247)	-	-	-	-	14,015	-	14,015
Shares issued in respect of bond interest payments	92	10,648	-	(4,740)	-	-	-	6,000	-	6,000
At 30 September 2017 (unaudited)	669	120,425	43,588	1,260	(197)	(280)	(316,777)	(151,312)	(7,499)	(158,811)
At 1 April 2018 (audited)	760	132,194	42,505	-	(197)	(874)	(338,132)	(163,744)	(7,722)	(171,466)
Loss for the period	-	-	-	-	-	-	(20,922)	(20,922)	(138)	(21,060)
Other comprehensive income										
- Exchange differences on translation of foreign operations	-	-	-	-	-	430	-	430	191	621
Total comprehensive expense for the period	-	-	-	-	-	430	(20,922)	(20,492)	53	(20,439)
Shares issued in respect of equity settlement of a loan (note (b))	60	14,940	-	-	-	-	-	15,000	-	15,000
Conversion of convertible bonds (note (c))	136	19,585	(4,281)	-	-	-	-	15,440	-	15,440
Shares issued in respect of bond interest payments (note (d))	50	5,950	-	-	-	-	-	6,000	-	6,000
At 30 September 2018 (unaudited)	1,006	172,669	38,224	-	(197)	(444)	(359,054)	(147,796)	(7,669)	(155,465)

Notes:

- (a) The merger reserve of the Group represents the difference between the nominal value of the share capital of a subsidiary acquired and the nominal value of the shares issued by the Company in exchange thereof pursuant to the Group reorganisation on 20 March 2001 as set out in the prospectus of the Company dated 26 March 2001.
- (b) On 29 August 2018, the Company entered into the subscription agreement with Artic Blue Corporation (the "Subscriber"), pursuant to which the Company has agreed to allot and issue and the Subscriber has agreed to subscribe for 150,000,000 subscription shares ("Subscription Shares") at the subscription price of HK\$0.10 per Subscription Shares for settlement of the outstanding loan of approximately HK\$15,000,000 due to the Subscriber. On 10 September 2018, 150,000,000 ordinary shares of the Company (the "Share(s)") were issued accordingly.
- (c) During the Period, no bondholders of the 6% convertible bonds in the aggregate principal amount of HK\$130,000,000 due on 5 November 2018 (the "CB 2018") have converted the CB 2018 into Shares.

During the Period, the bondholder of the 6% convertible bonds in the aggregate principal amount of HK\$120,000,000 due on 28 June 2019 (the "CB 2019") has converted the CB 2019 with the aggregate principal amount of HK\$17,000,000 at conversion price of HK\$0.05 per share into 340,000,000 Shares.

- (d) During the Period, the bondholders of CB 2018 and CB 2019 have requested to pay any interest payable by way of Shares. The interests of approximately HK\$6,190,000 have been paid by way of the Shares and therefore approximately 123,801,000 Shares were issued at conversion price of HK\$0.05 per share.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)*For the six months ended 30 September 2018*

	Six months ended	
	30 September	
	2018	2017
	HK\$'000	HK\$'000
Net cash from operating activities	5,498	4,279
Net cash from (used in) investing activities	1,815	(61)
Net cash used in financing activities	(9,000)	(10,000)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(1,687)	(5,782)
Cash and cash equivalents at beginning of period	2,063	12,329
Effect of foreign exchange rate changes	364	(314)
	<hr/>	<hr/>
Cash and cash equivalents at end of period	740	6,233
	<hr/>	<hr/>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	740	6,233
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on GEM of the Stock Exchange. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is Room 2007, 20th Floor, C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong.

The Company is an investment holding company and the principal activities of the Group are provision of digital television broadcasting and advertising in Hong Kong and the People's Republic of China (the "PRC"), provision of car beauty services in Hong Kong, money lending business in Hong Kong and securities investments in Hong Kong.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousands ("HK\$'000") except when otherwise indicated. The condensed consolidated financial statements for the six months ended 30 September 2018 (the "Interim Financial Statements") are unaudited but were reviewed by the audit committee of the Company (the "Audit Committee") and approved for issue by the Board on 9 November 2018.

2. BASIS OF PREPARATION

The Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. The Interim Financial Statements do not include all the information required in annual financial statements in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2018 (the "Annual Report 2018").

Going concern

The Group incurred unaudited loss for the six months ended 30 September 2018 of approximately HK\$21.1 million and, as at that date, the Group recorded both unaudited net current liabilities of HK\$158.2 million and capital deficiency of HK\$155.5 million. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

As stated in the Annual Report 2018, the Directors reviewed the Group's financial and liquidity position, and have taken the following actions to mitigate the liquidity issues faced by the Group:

- (a) the shareholders of the Company (the "Shareholder(s)") have confirmed that they will provide continuous financial support to the Company for a period of twelve months from the date of approval of the consolidated financial statements for the year ended 31 March 2018 by the Directors;
- (b) the Company agreed with the Company's bondholders to extend the maturity date of the convertible bonds in the aggregate principal amount of HK\$163 million to 31 December 2020. The Company is applying to the Stock Exchange for the approval of the proposed amendments and it is subject to the Shareholders' approval at the special general meeting of the Company;
- (c) possible fund raising activities including, but not limited to placing, rights issues or open offer and issuance of convertible bonds are to be attempted; and
- (d) the management plans to improve the Group's financial performance by taking steps to reduce discretionary expenses and administrative costs and exploring new business which will provide on growing and recurring source of income.

In light of the measures and arrangements as described above, the Directors consider the Group will have sufficient working capital to meet their financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The Interim Financial Statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values. The accounting policies used in the preparation of the Interim Financial Statements are consistent with those set out in the Annual Report 2018, except that the Group has applied for the first time, the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2018.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

HKFRS 9 Financial Instruments

HKFRS 9 Financial Instruments replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

(a) Classification and measurement

To determine their classification and measurement category, HKFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The HKAS 39 measurement categories of cash and cash equivalents, pledged deposits, loan receivables, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, loans to a jointly-controlled entity, and an amount due from a jointly-controlled entity, have been replaced by debt instruments at amortised cost under HKFRS 9.

The accounting for financial liabilities remains largely the same as it was under HKAS 39.

(b) Impairment

The Group applies the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade and bills receivables. The Group applies the general approach and record twelve months expected losses on its financial assets included in prepayments, deposits and other receivables.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The adoption of HKFRS 15 does not have any material impact on the Group's condensed consolidated interim financial statements.

All the other amendments and interpretations applied for the first time in 2018, but do not have a material impact on the interim condensed consolidated financial information of the Group.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from their estimates.

The significant judgments, estimates and assumptions applied in the preparation of the Interim Financial Statements are consistent with those used in the Annual Report 2018.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) Digital television: provision of digital television broadcasting and advertising in Hong Kong and the PRC;
- (b) Car beauty: provision of car beauty and maintenance services in Hong Kong;
- (c) Money lending: provision of mortgage loans and short-term loans in Hong Kong; and
- (d) Securities investments: investments and trading of securities in Hong Kong.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before income tax. The adjusted profit or loss before income tax is measured consistently with the Group's loss before income tax except that bank interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets and corporate and other unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities, convertible bonds and corporate and other unallocated liabilities as these assets are managed on a group basis.

Segment Results (unaudited)

For the six months ended 30 September 2018

	Digital television <i>HK'000</i>	Car beauty <i>HK'000</i>	Money lending <i>HK'000</i>	Securities Investments <i>HK'000</i>	Total <i>HK'000</i>
Segment revenue					
Sales to external customers	<u>8,095</u>	<u>1,084</u>	<u>247</u>	<u>–</u>	<u>9,426</u>
Segment results	<u>3,242</u>	<u>(203)</u>	<u>244</u>	<u>442</u>	<u>3,725</u>
Reconciliation:					
Bank interest income					1
Unallocated gains					48
Finance costs					(18,920)
Corporate and other unallocated expenses					<u>(5,946)</u>
Loss before income tax					<u>(21,092)</u>

For the six months ended 30 September 2017

	Digital television <i>HK'000</i>	Car beauty <i>HK'000</i>	Money lending <i>HK'000</i>	Securities Investments <i>HK'000</i>	Total <i>HK'000</i>
Segment revenue					
Sales to external customers	<u>11,667</u>	<u>1,567</u>	<u>114</u>	<u>–</u>	<u>13,348</u>
Segment results	<u>9,582</u>	<u>(1,141)</u>	<u>111</u>	<u>532</u>	<u>9,084</u>
Reconciliation:					
Bank interest income					1
Unallocated gains					67
Finance costs					(16,144)
Corporate and other unallocated expenses					<u>(6,161)</u>
Loss before income tax					<u>(13,153)</u>

Segment Assets and Liabilities

At 30 September 2018 (unaudited)

	Digital television <i>HK'000</i>	Car beauty <i>HK'000</i>	Money lending <i>HK'000</i>	Securities Investments <i>HK'000</i>	Total <i>HK'000</i>
Segment assets	32,570	856	4,252	3,244	40,922
Reconciliation: Corporate and other unallocated assets					7,960
Total assets					48,882
Segment liabilities	14,406	433	8	–	14,847
Reconciliation: Deferred tax liabilities					146
Convertible bonds					159,806
Corporate and other unallocated liabilities					29,548
Total liabilities					204,347

At 31 March 2018 (audited)

	Digital television <i>HK'000</i>	Car beauty <i>HK'000</i>	Money lending <i>HK'000</i>	Securities Investments <i>HK'000</i>	Total <i>HK'000</i>
Segment assets	31,059	1,207	4,006	11,222	47,494
Reconciliation: Corporate and other unallocated assets					10,265
Total assets					57,759
Segment liabilities	13,392	624	187	–	14,203
Reconciliation: Deferred tax liabilities					158
Convertible bonds					165,962
Corporate and other unallocated liabilities					48,902
Total liabilities					229,225

Geographical information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than deferred tax assets.

	Revenue from external customers (Unaudited)		Non-current assets (Unaudited)	
	Six months ended 30 September 2018 HK\$'000	2017 HK\$'000	As at 30 September 2018 HK\$'000	(Audited) As at 31 March 2018 HK\$'000
Hong Kong	9,183	12,681	723	2,321
The PRC	243	667	2,151	2,782
	9,426	13,348	2,874	5,103

Information about major customers (unaudited)

During the Period, sales to the Group's five largest customers of approximately HK\$7,852,000 (2017: Nil), accounted for 83.3% of the total revenue for the Period, in which sales to the largest customer accounted for 26.5%.

6. REVENUE (UNAUDITED)

	Three months ended 30 September 2018 HK\$'000		Six months ended 30 September 2018 HK\$'000	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Digital television service income	3,991	3,238	8,095	11,667
Car beauty service income	506	851	1,084	1,567
Money lending income	124	59	247	114
	4,621	4,148	9,426	13,348

7. OTHER INCOME (UNAUDITED)

	Three months ended 30 September 2018 HK\$'000		Six months ended 30 September 2018 HK\$'000	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Bank interest income	–	–	1	1
Interest income from amount due from a related company	15	34	48	67
	15	34	49	68

8. FINANCE COSTS (UNAUDITED)

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Interest on bank overdraft	12	–	12	–
Interest on other loans wholly repayable within five years	2,238	623	3,024	861
Interest on convertible bonds	7,619	7,682	15,284	15,283
Loss on equity-settled loan arrangement	600	–	600	–
	<u>10,469</u>	<u>8,305</u>	<u>18,920</u>	<u>16,144</u>

9. LOSS BEFORE INCOME TAX (UNAUDITED)

Loss before income tax is arrived at after charging:

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
(a) Employee benefit expenses (including directors' remuneration)				
Salaries, wages and other benefits	2,106	1,919	4,434	4,348
Retirement benefit scheme contributions	54	64	104	255
	<u>2,160</u>	<u>1,983</u>	<u>4,538</u>	<u>4,603</u>
(b) Other items				
Amortisation of other intangible assets	24	24	49	49
Depreciation of items of property, plant and equipment	89	497	260	991
Loss on disposal of items of property, plant and equipment	–	–	324	–
Write-off of items of property, plant and equipment	–	–	41	–
Write-down of inventories	–	–	2	–
Minimum lease payments under operating leases in respect of land and buildings	463	907	1,073	1,865
Minimum lease payments under operating leases in respect of office equipment	17	16	34	32
Cost of inventories sold	26	1,517	81	1,568
	<u>26</u>	<u>1,517</u>	<u>81</u>	<u>1,568</u>

10. INCOME TAX CREDIT (UNAUDITED)

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Current tax – Hong Kong Profits Tax				
– Provision for the period	–	9	–	18
– Over provision in respect of prior period	(20)	–	(20)	–
	<u>(20)</u>	<u>9</u>	<u>(20)</u>	<u>18</u>
Deferred tax	<u>(7)</u>	<u>(135)</u>	<u>(12)</u>	<u>(280)</u>
	<u>(27)</u>	<u>(126)</u>	<u>(32)</u>	<u>(262)</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits arising in Hong Kong for the period.

The provision for PRC Enterprise Income Tax is calculated at the standard rate of 25% on the estimated assessable income as determined in accordance with the relevant income tax rules and regulations of the PRC. No PRC Enterprise Income Tax has been provided for the six months ended 30 September 2018 and 2017.

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (UNAUDITED)

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Three months ended 30 September		Six months ended 30 September	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Loss				
Loss attributable to owners of the Company	<u>(14,590)</u>	<u>(14,410)</u>	<u>(20,922)</u>	<u>(12,820)</u>
	'000	'000	'000	'000
Number of shares				
Weighted average number of ordinary shares in issue	<u>1,892,726</u>	<u>1,673,902</u>	<u>1,999,445</u>	<u>1,180,790</u>

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 September 2018 and 2017 in respect of a dilution as the impact of the convertible bonds outstanding had an anti-dilutive effect.

12. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

13. TRADE RECEIVABLES

	(Unaudited) As at 30 September 2018 <i>HK\$'000</i>	(Audited) As at 31 March 2018 <i>HK\$'000</i>
Trade receivables	30,291	28,505

The aged analysis of the trade receivables, net of allowance for bad and doubtful debts presented based on the respective dates on which revenue was recognised, is as follows:

	(Unaudited) As at 30 September 2018 <i>HK\$'000</i>	(Audited) As at 31 March 2018 <i>HK\$'000</i>
Current	4,000	10,000
Within 30 days	3,786	–
31-90 days	9,000	3,000
91-180 days	–	8,000
Over 180 days	13,505	7,505
	30,291	28,505

14. TRADE PAYABLES

Based on the invoice dates, the aged analysis of the trade payables is as follows:

	(Unaudited) As at 30 September 2018 <i>HK\$'000</i>	(Audited) As at 31 March 2018 <i>HK\$'000</i>
Within 30 days	4,106	1,995
31-90 days	3,824	3,659
91-180 days	–	–
Over 180 days	574	602
	8,504	6,256

15. CONVERTIBLE BONDS

The movements of the liability component of the CB 2018 and CB 2019 during the period are as follows:

	(Unaudited) As at 30 September 2018 HK\$'000	(Audited) As at 31 March 2018 <i>HK\$'000</i>
Beginning of the period	165,962	165,769
Effective interest expense for the period	15,284	29,725
Conversion during the period	(15,440)	(18,732)
Shares issued in respect of bond interest payments	(6,000)	(10,800)
	<hr/>	<hr/>
End of the period	159,806	165,962
	<hr/>	<hr/>
Current portion	159,806	76,626
Non-current portion	–	89,336
	<hr/>	<hr/>
	159,806	165,962
	<hr/>	<hr/>

16. ACQUISITION OF A SUBSIDIARY (UNAUDITED)

On 5 September 2018, the Group acquired the entire equity interests of Guangdong Huatai Energy Co., Limited for a consideration of RMB10,000 (equivalent to approximately HK\$12,000). The business is engaged in production and sale of environmental protection (“EP”) construction materials and EP construction engineering projects. This acquisition was made as part of the Group’s strategy to commence a new operation in the PRC.

The fair values of the identifiable assets and liabilities at the date of acquisition were as follows:

	HK\$'000
Prepayments, deposits and other receivable	266
Other payables and accruals	(274)
	<hr/>
Total identifiable net liabilities at fair value	(8)
Goodwill on acquisition	20
	<hr/>
Total consideration satisfied by cash	12
	<hr/>

17. EVENTS AFTER REPORTING DATE

- (i) On 25 October 2018, the Company and the bondholders of the CB 2018 and the CB 2019 (the “Bondholders”) entered the supplemental agreements, pursuant to which the Company agreed with the Bondholders (i) to extend the maturity date of the CB 2018 and the CB 2019 from the maturity date of 5 November 2018 and 28 June 2019 respectively to the extended maturity date of 31 December 2020 and (ii) to change the interest payment terms of the CB 2018 and the CB 2019 from interest of 6% per annum payable annually to 8% per annum payable semi-annually. The Company is applying for the approval from the Stock Exchange and the special general meeting will be convened. Further details please refer to the announcement of the Company dated 25 October 2018. The Company will make further announcement(s) on any significant development when it considers necessary.
- (ii) On 19 September 2018, the Company entered into the subscription agreement with Mr. Wang Dequn (“Mr. Wang”), pursuant to which the Company has agreed to allot and issue and Mr. Wang has agreed to subscribe for 70,000,000 subscription shares at the subscription price of HK\$0.10 per subscription shares. On 26 October 2018, 70,000,000 ordinary shares of the Company were issued accordingly. Mr. Wang has been appointed as an executive Director and the chairman of the Board with effect from 1 November 2018.
- (iii) On 31 October 2018, Sparkle View Enterprises Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party for disposal of the entire equity interest of Super Car Service Company Limited at a consideration of HK\$300,000. The transaction was completed on 31 October 2018 and a gain of approximately HK\$23,000 (before taxation and subject to audit) was recorded. For details, please refer to the announcement of the Company dated 31 October 2018.
- (iv) On 2 November 2018, the Board proposed to implement the share consolidation (the “Share Consolidation”) on the basis that every eight (8) issued and unissued shares of par value of HK\$0.0004 each in the share capital of the Company will be consolidated into one (1) consolidated share of par value of HK\$0.0032 each. Upon the Share Consolidation becoming effective, on the basis that the Company does not allot, issue or repurchase any shares prior thereto, the authorised share capital of the Company shall become HK\$100,000,000 divided into 31,250,000,000 consolidated shares of HK\$0.0032 each, of which 323,059,402 consolidated shares will be in issue. The Company is applying for the approval from the Stock Exchange and the special general meeting will be convened. Further details please refer to the announcement of the Company dated 2 November 2018. The Company will make further announcement(s) on any significant development when it considers necessary.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Period, the Group was principally engaged in provision of digital television broadcasting and advertising in Hong Kong and the PRC, provision of car beauty services in Hong Kong, money lending business in Hong Kong and securities investments in Hong Kong.

The Group's revenue for the Period amounted to approximately HK\$9.4 million, representing a decrease of 29.4% as compared to that of approximately HK\$13.3 million for the six months ended 30 September 2017 (the "Preceding Period"), resulting in the Group's loss for the Period of approximately HK\$21.1 million, as compared to approximately HK\$12.9 million for the Preceding Period.

Digital television operation

The Group recorded revenue of approximately HK\$8.1 million from this operation for the Period, as compared to revenue of approximately HK\$11.7 million for the Preceding Period. The decrease was mainly due to loss of some major customers. The Group will not continue to invest in resources to develop Hunan digital television due to development restrictions arising from some changes in national policies. The management will focus on the development of advertisement campaign in Hong Kong in the near future.

Car beauty operation

Revenue from this operation for the Period was decreased by 30.8% to approximately HK\$1.1 million, as compared to revenue of approximately HK\$1.6 million for the Preceding Period. This operation is loss-making as a result of unfavourable market conditions and price competition in the car beauty industry in Hong Kong, and it is difficult to turn loss to profit in the foreseeable future. Therefore, the entire equity interest of a subsidiary which is engaged in provision of car beauty service in Hong Kong has been sold to the third party after the Period. The management of the Group considers the possibility of developing the car beauty operation in the PRC.

Money lending operation

Revenue from this operation for the Period was approximately HK\$247,000, as compared to revenue of approximately HK\$114,000 for the Preceding Period. The increase in revenue was mainly due to more loan receivables granted as compared with the Preceding Period. As at 30 September 2018, gross loan receivables amounted to HK\$4.2 million (as at 30 September 2017: HK\$1.6 million).

Securities investments operation

The net fair value gain on financial assets at fair value through profit or loss for the Period was approximately HK\$442,000 as compare to gain of approximately HK\$532,000 for the Preceding Period.

Details of investments in equity securities listed in Hong Kong held by the Group during the Period are as follows:

Stock Code	Stock Abbreviation	Number of shares held as at 30 September 2018	Fair value as at 30 September 2018 <i>HK\$'000</i>	Gain (losses) during the Period <i>HK\$'000</i>
530	GOLDIN FIN HOLD	760,000	2,196	(766)
8103	TRILLION GRAND	900,000	1,143	(301)
8202	INNO-TECH HOLD	8,900,000	2,225	912
1166	SOLARTECH INT' L	–	–	699
1387	RENHE COMM	–	–	28
1130	CHINA ENV RES	–	–	(130)
			<u>5,564</u>	<u>442</u>

Financial Review

Revenue

For the Period, revenue of the Group amounted to approximately HK\$9.4 million, representing a decrease of approximately 29.4% from approximately HK\$13.3 million for the Preceding Period. The decrease in revenue was mainly attributable to decrease in revenue contributed by the digital television operation.

Cost of sales and services, gross profit and gross profit margin

The cost of sales and services amounted approximately HK\$5.4 million for the Period from approximately HK\$3.8 million for the Preceding Period. The Group's gross profit decreased to approximately HK\$4.1 million for the Period from approximately HK\$9.6 million for the Preceding Period, representing a decrease of approximately 57.6%. The Group's gross profit margin was approximately 43.1% for the Period.

Administrative expenses

Administrative expenses for the Period decreased by 6.2% to approximately HK\$6.6 million, as compared to approximately HK\$7.0 million for the Preceding Period. Administrative expenses mainly consist of staff costs, depreciation, operating lease rentals for office, legal and professional fees and others. The Group will continue to adopt the stringent cost controls in the forthcoming periods.

Finance costs

The Group recorded finance costs of approximately HK\$18.9 million for the Period, as compared to approximately HK\$16.1 million for the Preceding Period. The finance costs were mainly arising from the interest expenses on convertible bonds which were issued in November 2015 and June 2016 with the effective interest rates of 18.5% and 21.1% per annum respectively.

Loss for the period and loss attributable to owners of the Company

The Group recorded a loss for the Period of approximately HK\$21.1 million, as compared to approximately HK\$12.9 million for the Preceding Period. Loss attributable to owners of the Company for the Period was approximately HK\$20.9 million, as compared to approximately HK\$12.8 million for the Preceding Period. The basic and diluted loss per share of the Group for the Period were HK cents 1.05, as compared to HK cents 1.09 for the Preceding Period.

CAPITAL STRUCTURE

As at 30 September 2018, the number of issued ordinary shares of the Company was 2,514,475,222 shares (31 March 2018: 1,900,674,675 shares). Additional shares may be issued by way of (i) conversion of the convertible bonds which if fully converted would result in the issuance of 3,260,000,000 shares of the Company; and (ii) bond interest payments which if fully paid would result in the issuance of 112,717,807 shares of the Company.

FUND RAISING ACTIVITIES

Up to the date of this announcement, the Group conducted the following equity fund raising exercise:

Date of announcement	Fund raising activities	Net proceeds raised (approximately)	Proposed use of net proceeds	Actual use of net proceeds
29 August 2018	Subscription of 150,000,000 new Shares under general mandate	HK\$15 million	To settle the outstanding sum of a loan due from the Company to the subscriber	Fully used for settlement of the outstanding sum of a loan due from the Company to the subscriber
19 September 2018	Subscription of 70,000,000 new Shares under general mandate	HK\$7 million (completed on 26 October 2018)	(i) Approximately HK\$2 million to repay the loan owed by the Company; (ii) approximately HK\$2 million to increase the working capital of the Company; and (iii) approximately HK\$3 million to develop the EP business of the Company	Up to the date of this announcement, (i) approximately HK\$1 million was used for repayment of the loan owed by the Company; (ii) approximately HK\$3 million for working capital and investment opportunities of the Company; and (iii) approximately HK\$3 million was maintained at bank

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2018, the Group's cash and cash equivalents were approximately HK\$740,000 (31 March 2018: approximately HK\$2.1 million). The Group's current ratio, being the current assets of approximately HK\$46.0 million (31 March 2018: approximately HK\$52.7 million) divided by the current liabilities of approximately HK\$204.2 million (31 March 2018: approximately HK\$139.7 million), was computed as approximately 0.23 (31 March 2018: approximately 0.38). The management viewed that the ratio was not healthy and acceptable and will try to improve the overall financial soundness and sustainability of the Group.

The Group's total indebtedness comprised the amount due to a non-controlling shareholder of a subsidiary, borrowings and convertible bonds with the total amount of approximately HK\$178.1 million (31 March 2018: approximately HK\$207.5 million). The gearing ratio of the Group, being the total indebtedness divided by total assets excluding deferred tax assets and liabilities was approximately 364.4% as at 30 September 2018 (31 March 2018: approximately 359.3%).

EXPOSURE TO FLUCTUATION IN EXCHANGE RATE AND TREASURY POLICIES

The majority of the Group's cash balances and transactions were either denominated in Renminbi or Hong Kong dollars. The Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. As at 30 September 2018 and 2017, the Group did not have any outstanding hedging instruments.

PROSPECTS

Looking ahead, the Group remains confident about the prospects of the cultural industry including advertisement, travel, movie and television, integrated agriculture, modern agriculture and new media. The cultural and media industry throughout the world, and especially in the PRC is presented with a huge opportunity. The Group will commence EP and related businesses which may include production and sale of EP construction materials and EP construction engineering projects in the third quarter of this year. The management will continue to develop solid operating strategies of the Group and explore other investment opportunities with a view to enhancing and improving returns to our stakeholders.

CONTINGENT LIABILITY

No material contingent liability of the Group was noted at 30 September 2018.

HUMAN RESOURCES

As at 30 September 2018, the Group had 35 (31 March 2018: 39) full-time employees including the Directors. Total staff costs for the Period, including director's emoluments were approximately HK\$4.5 million (six months ended 30 September 2017: approximately HK\$4.6 million).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2018, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")), as recorded in the register which is required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the SFO or the GEM Listing Rules were as follows:

Long positions in the Shares

Name of Director	Capacity	Number of Shares held	Percentage of issued share capital of the Company
Ms. Wu Meirong (<i>note</i>)	Beneficial owner	63,146,301	2.51%
Ms. Jingquan Yingzi	Beneficial owner	1,130,500	0.04%

Note:

Ms. Wu Meirong has been re-designated from an executive Director and the chairlady of the Board to the chief executive office of the Company with effect from 1 November 2018.

Save as disclosed above, as at 30 September 2018, none of the Directors or chief executive of the Company had any interests or short positions in the Shares and underlying Shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of GEM Listing Rules relating to securities transactions by Directors.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' and Chief Executives' interests and short positions in Shares and underlying Shares of the Company or any associated corporation" and "Share Option Scheme", at no time during the six months ended 30 September 2018 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2018, so far as was known to the Directors, the following persons (not being Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Long positions in the Shares and underlying Shares

Name of Shareholders	Notes	Capacity and nature of interests	Number of Shares held/ interested	Number of underlying Shares held/ interested <i>(note (e))</i>	Percentage of issued share capital of the Company
Yiu Kwok Ming Tommy		Beneficial owner	80,458,628	420,000,000	19.90%
Lau Kevin		Beneficial owner	24,950,958	180,000,000	8.15%
Leung Chung Shan		Beneficial owner	–	180,000,000	7.16%
Winner Cosmos Limited	(a)	Beneficial owner	–	140,000,000	5.57%
Ng Kwok Wing	(a)	Interest of a controlled corporation	–	140,000,000	5.57%
Kitchell Osman Bin		Beneficial owner	21,600,000	180,000,000	8.02%
Wong Ying Seung Asiong		Beneficial owner	21,600,000	180,000,000	8.02%
Chan Chak Kai Kenneth		Beneficial owner	19,200,000	160,000,000	7.13%
Kwong Kai Sing Benny		Beneficial owner	19,200,000	160,000,000	7.13%
Ip Cheuk Ho		Beneficial owner	42,001,232	200,000,000	9.62%
To Yuet Sing		Beneficial owner	26,811,233	200,000,000	9.02%
Tsang Kai Ming		Beneficial owner	64,151,233	200,000,000	10.51%
Song Chun Xiao	(b)	Interest of a controlled corporation	36,000,000	600,000,000	25.29%
Faith Elite International Holdings Limited	(b)	Interest of a controlled corporation	36,000,000	600,000,000	25.29%
Latop International Investment Limited	(b)	Beneficial owner	36,000,000	600,000,000	25.29%

Name of Shareholders	Notes	Capacity and nature of interests	Number of Shares held/ interested	Number of underlying Shares held/ interested (note (e))	Percentage of issued share capital of the Company
Zhou Yi	(c)	Interest of a controlled corporation	24,000,000	400,000,000	16.86%
Wing Wise International Limited	(c)	Beneficial owner	24,000,000	400,000,000	16.86%
宋文霞		Beneficial owner	364,200,547	–	14.48%
Shimazaki Koji		Beneficial owner	143,475,068	–	5.71%
Alexia Jouliau		Beneficial owner	143,341,900	–	5.70%
Artic Blue Corporation	(d)	Beneficial owner	150,000,000	–	5.97%
Asian Capital Partners Group Company Limited	(d)	Interest of a controlled corporation	150,000,000	–	5.97%
China CITIC Bank Corporation Limited	(d)	Interest of a controlled corporation	150,000,000	–	5.97%
CITIC Group Corporation	(d)	Interest of a controlled corporation	150,000,000	–	5.97%
CITIC International Assets Management Limited	(d)	Interest of a controlled corporation	150,000,000	–	5.97%
CITIC International Financial Holdings Limited	(d)	Interest of a controlled corporation	150,000,000	–	5.97%
CITIC Limited	(d)	Interest of a controlled corporation	150,000,000	–	5.97%
CITIC Merchant Co., Limited	(d)	Interest of a controlled corporation	150,000,000	–	5.97%
Concorde Capital Group Limited	(d)	Interest of a controlled corporation	150,000,000	–	5.97%
Huang Bin	(d)	Interest of a controlled corporation	150,000,000	–	5.97%

Notes:

- (a) Mr. Ng Kwok Wing is deemed to be interested in underlying Shares through his interests in Winner Cosmos Limited.
- (b) Latop International Investment Limited is directly wholly owned by Faith Elite International Holdings Limited which is directly wholly owned by Mr. Song Chun Xiao. Mr. Song Chun Xiao and Faith Elite International Holdings Limited are deemed to be interested in Shares and underlying Shares held by Latop International Investment Limited.
- (c) Mr. Zhou Yi is deemed to be interested in Shares and underlying Shares through his interests in Wing Wise International Limited.

- (d) Artic Blue Corporation is directly wholly owned by CITIC Merchant Co., Limited which are 49% owned by Asian Capital Partners Group Company Limited and 51% owned by CITIC International Assets Management Limited. Asian Capital Partners Group Company Limited is wholly owned by Concorde Capital Group Limited which is directly wholly owned by Huang Bin. Huang Bin is deemed to be interested in Shares held by Asian Capital Partners Group Company Limited. CITIC International Financial Holdings Limited, CITIC Limited, China CITIC Bank Corporation Limited and CITIC Group Corporation are deemed to be interested in 150,000,000 Shares through their direct/indirect interests in CITIC International Assets Management Limited.
- (e) These shares may be allotted and issued upon exercise of the conversion rights attaching to the convertible bonds issued by the Company.

Save as disclosed above, no other person had any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

A share option scheme was adopted by the Shareholders and became effective on 2 February 2009 and shall remain in force for a period of 10 years from that date. The share option scheme mandate limit was refreshed to 10% of the issued Shares at the date of annual general meeting of the Company held on 14 September 2015. As at 30 September 2018, the number of Shares available for issue under the scheme was 10,812,347 Shares, after the adjustment in respect of the share consolidation taken effect on 15 October 2015. From 1 April 2018 to the date of this announcement, no share option has been granted, exercised, lapsed or cancelled under the share option scheme of the Company.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules for the six months ended 30 September 2018, save and except for the following:

1. Code provision A.1.3 requires that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. For all other board meetings, reasonable notice should be given. Due to the practical reasons, 14 days' advanced notifications have not been given to all meetings of the Board. Reasons have been given in the notifications in respect of those meetings of the Board where it is not practical to give 14 days' advanced notification. The Board will use its best endeavor to give 14 days' advanced notifications of Board meeting to the extent practicable; and
2. Code provision A.2.1 requires the roles of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The Board has reviewed the current structure of the Board and re-designated Ms. Wu Meirong from an executive Director and the chairlady of the Board to the chief executive officer of the Company with effect from 1 November 2018.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Company continued to adopt a code of conduct regarding Director's securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct regarding securities transactions by the Directors for the six months ended 30 September 2018.

DISCLOSURE OF CHANGES IN INFORMATION OF DIRECTOR

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, changes in Directors' information since the date of the Annual Report 2018 are set out below:

Positions held with the Company

1. Mr. Zhao Zhizheng retired as an independent non-executive Director with effect from 21 September 2018;
2. Mr. Wong Ching Keung has been appointed as an independent non-executive Director with effect from 21 September 2018;
3. Mr. Chin Wai Keung Richard has resigned as an executive Director with effect from 23 October 2018;
4. Mr. Mao Songtao has been appointed as an executive Director with effect from 23 October 2018;
5. Ms. Wu Meirong has been re-designated from an executive Director and the chairlady of the Board to the chief executive officer of the Company with effect from 1 November 2018; and
6. Mr. Wang Dequn has been appointed as an executive Director and the chairman of the Board with effect from 1 November 2018.

COMPETING INTEREST

During the six months ended 30 September 2018, none of the Directors or management shareholders of the Company (as defined in the GEM Listing Rules) had any interests in any business that competed or may compete with the business of the Group.

PURCHASES, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2018.

AUDIT COMMITTEE

The Audit Committee has its terms of reference revised on 8 January 2016. The primary duties of the Audit Committee are to review the Group's annual report and accounts, half-year report and quarterly reports and to provide advice and comments thereon to the Board and to review and to provide the oversight of the financial reporting system, risk management and internal control system of the Group. The Audit Committee consists of three independent non-executive Directors, namely Mr. Lee Chi Hwa Joshua ("Mr. Lee"), Mr. Hau Chi Kit and Mr. Wong Ching Keung. Mr. Lee is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited interim results for the six months ended 30 September 2018, and was of opinion that the preparation of such report and results complied with applicable accounting standards and the GEM Listing Rules and that adequate disclosure had been made.

By order of the Board
Code Agriculture (Holdings) Limited
Wang Dequn
Chairman

Hong Kong, 9 November 2018

As at the date of this announcement, the executive Directors are Mr. Wang Dequn, Ms. Jingquan Yingzi, Mr. Wang Rongqian, Mr. Hu Chao, Ms. Lin Yan Jenny and Mr. Mao Songtao; and the independent non-executive Directors are Mr. Hau Chi Kit, Mr. Lee Chi Hwa Joshua and Mr. Wong Ching Keung.