CODE AGRICULTURE(HOLDINGS)LIMITED
科地農業控股有限公司

(Formerly known as China Chief Cable TV Group Limited 中國3C集團有限公司*)
(Incorporated in Bermuda with limited liability)
(Stock code: 8153)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2010

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on The Stock Exchange of Hong Kong Limited. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of The Stock Exchange of Hong Kong Limited and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the "Directors") 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 ("GEM Listing Rules") on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* *For identification purpose only*

The board of directors (the "Board") of Code Agriculture (Holdings) Limited (formerly known as China Chief Cable TV Group Limited) (the "Company") hereby announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2010, together with the comparative figures for the corresponding year in 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

		2010	2009
Continuing operations	*Note*	***HK$'000***	*HK$'000*
Revenue	*2*	**220,796**	6,824
Cost of sales		**(151,172)**	(2,856)
Gross profit		**69,624**	3,968
Other revenue	*2*	**1,210**	680
General, administrative and other expenses		**(42,364)**	(19,878)
Gain/(Loss) from operations		**28,470**	(15,230)
Finance costs	*3*	**(6,231)**	(868)
Other losses, net	*4*	**(32,630)**	(3,258)
Impairment loss of goodwill and intangible asset	*5*	**(103,810)**	(4,019)
Loss before income tax	*6*	**(114,201)**	(23,375)
Income tax expense	*7*	**(7,051)**	—
Loss for the year from continuing operations		**(121,252)**	(23,375)
Discontinuing operations			
Loss for the year from discontinuing operations	*8*	**(169,091)**	(262,765)
Loss for the year		**(290,343)**	(286,140)
Other comprehensive income			
Exchange differences on translating foreign operations		**382**	(966)
Total comprehensive income for the year		**(289,961)**	(287,106)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the year ended 31 March 2010 (Continued)

Loss attributable to:			
Owners of the Company		**(269,331)**	(283,421)
Minority interests		**(21,012)**	(2,719)
		(290,343)	(286,140)
Total comprehensive income attributable to:			
Owners of the Company		**(268,937)**	(284,387)
Minority interests		**(21,024)**	(2,719)
		(289,961)	(287,106)
Basic loss per share	*9*		
From continuing and discontinuing operations		**(14.20 HK cents)**	(33.65 HK cents)
From continuing operations		**(5.28 HK cents)**	(2.45 HK cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment		**213,543**	21,546
Prepaid land lease payment		**8,523**	—
Goodwill		**817,195**	81,400
Other intangible assets		**268,940**	182,419
		1,308,201	285,365
Current assets			
Inventories		**18,753**	3,651
Accounts and notes receivables	*11*	**331,308**	7,772
Other receivables and deposits		**167,013**	38,083
Financial assets at fair value through profit or loss		**6,916**	3,078
Asset held for resale		**2,141**	—
Pledged deposits		**135,918**	—
Bank balances and cash		**192,881**	6,976
		854,930	59,560
Current liabilities			
Accounts and notes payables	*12*	**236,080**	3,928
Other payables and accrued charges		**30,743**	17,598
Amounts due to related companies		**6,644**	6,674
Amount due to a director		—	6,065
Bank and other loans		**312,227**	15,125
Tax payable		**7,051**	—
		592,745	49,390
Net current assets		**262,185**	10,170
Total assets less current liabilities		**1,570,386**	295,535
Capital and reserves			
Share capital		**26,673**	17,593
Reserves		**878,178**	251,590
Equity attributable to owners of the Company		**904,851**	269,183
Minority interests		**5,328**	26,352
Total equity		**910,179**	295,535
Non-current liabilities			
Convertible bond		**660,207**	—
		1,570,386	295,535

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

	Attributable to owners of the Company										
	Share Capital	Share Premium	Accumulated Losses	Merger Reserve *(Note b)*	Capital Reserve	Share-based payment Reserve	Exchange Reserve	Convertible bonds-equity component	Subtotal	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2008	4,380	185,229	(84,068)	(197)	–	6,000	676	–	112,020	–	112,020
Issue of shares, net of expenses	3,276	104,012	–	–	–	–	–	–	107,288	–	107,288
Issue of convertible bond	–	–	–	–	–	–	–	35,459	35,459	–	35,459
Issue of share options	–	–	–	–	–	1,382	–	–	1,382	–	1,382
Conversion of convertible bond	9,937	322,943	–	–	–	–	–	(35,459)	297,421	–	297,421
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	29,071	29,071
Exchange differences *(Note a)*	–	–	–	–	–	–	(966)	–	(966)	–	(966)
Loss for the year	–	–	(283,421)	–	–	–	–	–	(283,421)	(2,719)	(286,140)
At 31 March 2009 and 1 April 2009	17,593	612,184	(367,489)	(197)	–	7,382	(290)	–	269,183	26,352	295,535
Issue of shares, net of expenses	8,310	414,327	–	–	–	–	–	–	422,637	–	422,637
Issue of convertible bond	–	–	–	–	–	–	–	437,793	437,793	–	437,793
Issue of share options	–	–	–	–	–	14,500	–	–	14,500	–	14,500
Lapse of share options	–	–	–	–	–	(6,000)	–	–	(6,000)	–	(6,000)
Exercise of share option	770	8,855	–	–	–	–	–	–	9,625	–	9,625
Acquisition of subsidiaries	–	–	–	–	26,062	–	–	–	26,062	–	26,062
Exchange differences *(Note a)*	–	–	–	–	–	–	382	–	382	(12)	370
Loss for the year	–	–	(269,331)	–	–	–	–	–	(269,331)	(21,012)	(290,343)
At 31 March 2010	26,673	1,035,366	(636,820)	(197)	26,062	15,882	92	437,793	904,851	5,328	910,179

Note:

(a) Exchange differences represent adjustments arising on translation of financial statements of overseas subsidiaries and an associate.

(b) 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.

Notes:

1. **Summary of Significant Accounting Policies**

   (a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by revaluation of financial assets at fair value through profit or loss which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Impact of new and revised Hong Kong Financial Reporting Standards

HKICPA has issued the following new standards, amendments to standards and interpretations that have become effective for the year ended 31 March 2010:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Interpretation 9 and HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) — Interpretation 13	Customer Loyalty Programmes
HK(IFRIC) — Interpretation 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Interpretation 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Interpretation 18	Transfers of Assets from Customers

Other than as further explained below regarding the impact of HKAS 1 (Revised) and HKFRS 8, the adoption of the above new/revised HKFRSs had no material effect on the reported results or financial position of the Group for both the current and prior reporting periods.

HKAS 1 (Revised), Presentation of Financial Statements

The revised standard affects certain disclosures of financial statements. Under the revised standard, the Income Statement, the Balance Sheet and the Cash Flow Statement are renamed as the "Statement of Comprehensive Income", the "Statement of Financial Position" and the "Statement of Cash Flows" respectively. All income and expenses arising from transactions with non-owners are presented under the "Statement of Comprehensive Income"; while the owners' changes in equity are presented in the "Statement of Changes in Equity".

Except for certain presentational changes as a result of adopting HKAS 1 (Revised), comparative figures have been restated or included in these financial statements in order to achieve a consistent presentation. The statement of financial position, previously known as balance sheet, at the beginning of the year of 2009 has not been presented as there were no changes to the originally published statement.

HKFRS 8, Operating Segments

HKFRS 8 replaces HKAS 14, 'Segment Reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. Due to the adoption of HKFRS 8 during the current year, certain comparative amounts have been reclassified to conform with current year's presentation.

Impact of issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs [1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 [2]
HKAS 32 (Amendments)	Classification of Rights Issues [4]
HKAS 39 (Amendments)	Eligible Hedged Items [1]
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions [3]
HK(IFRIC) — Interpretation 14 (Amendments)	Prepayments of a Minimum Funding Requirements [6]
HKAS 24 (Revised)	Related Party Disclosures [6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [1]
HKFRS 3 (Revised)	Business Combinations [1]
HKFRS 9	Financial Instruments [7]
HK(IFRIC) — Interpretation 17	Distributions of Non-cash Assets to Owners [1]
HK(IFRIC) — Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments [5]

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 July 2009 and 1 January, 2010, as appropriate.
[3] Effective for annual periods beginning on or after 1 January 2010
[4] Effective for annual periods beginning on or after 1 February 2010
[5] Effective for annual periods beginning on or after 1 July 2010
[6] Effective for annual periods beginning on or after 1 January 2011
[7] Effective for annual periods beginning on or after 1 January 2013

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions.

The amendment to HKAS 17 made under "Improvements to HKFRSs 2009", mandatory for accounting periods beginning on or after 1 January 2010, removes the specific guidance which stated that land held under a lease should be classified as an operating lease unless title to the land is expected to pass at the end of the lease term. It provides new guidance which indicates that entity should use judgment to decide whether the lease transfers the significant risks and rewards of ownership of the land in accordance with the criteria set out in HKAS 17. The Group will reassess the classification of land elements of unexpired leases at the date it adopts the amendment on the basis of information existing at the inception of the lease and recognise a lease newly classified as a finance lease retrospectively if the criteria of a finance lease is met. If the information necessary to apply the amendment retrospectively is not available, the Group will recognise the related asset and liability at their fair values on the date of adoption and recognise the difference in retained earnings.

The Group is in the process of making an assessment of the potential impact of other new/revised HKFRSs and the directors so far concluded that the application of the other new/revised HKFRSs will have no material impact on the results and the financial position of the Group.

2. Revenue, other revenue and segment information

The Group is principally engaged in the research and development, manufacture, sales and marketing, and technical servicing of modern agricultural technology and products in China. Its modern tobacco agricultural business covers extensive aspects, including modified tobacco leaf, agricultural equipment and machinery, new energy, nursery greenhouse, fertilizer, pesticide, biotechnology and related professional services. Other businesses include the development of digital television system platform and cordyceps related business in the People's Republic of China and the provision of pre-mastering and other media services, the provision of audiovisual playout services in Hong Kong.

An analysis of the Group's Revenue and other revenue for the year, for both continuing and discontinuing operations, are as follows:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Revenue		
Continuing operations		
Sales of agricultural machinery	**102,505**	—
Sales of fertilizer	**110,543**	—
Provision of TV digitalisation related services	**1,142**	593
Sale of cordyceps-related product	**6,606**	6,231
	220,796	6,824
Discontinuing operations		
Provision of pre-mastering and other media services	**14,484**	16,334
Provision of audiovisual playout services	**4,890**	4,070
Direct television sales	**563**	1,513
	19,937	21,917
Total Revenue	**240,733**	28,741
Other revenue		
Interest income	**615**	172
Others	**595**	508
	1,210	680

Primary report format — business segments

The Group is organised into seven main business segments:

— Sales of agricultural machinery;

— Sales of fertilizer;

— Provision of TV digitalisation related services — development of digital set-top boxes and the system platform for digital TV network and provision of digitalisation related technical support services;

— Sale of cordyceps-related product.

— Provision of pre-mastering and other media services — include editing, authoring and digitalisation of audiovisual data processes;

— Provision of audiovisual playout services on audiovisual data; and

— Direct television sales;

An analysis of the Group's segment information for the year by principal activity and market is as follows:

	For the year ended 31 March 2010									
	Continuing operations					Discontinuing operations				
	Sales of agricultural machinery	Sales of fertilizer	Provision of TV digitalisation related services	Sale of cordyceps-related product	Total	Provision of premastering and other media services	Provision of audiovisual playout services	Direct television sales	Total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	102,505	110,543	1,142	6,606	220,796	14,484	4,890	563	19,937	240,733
Segment results	33,438	23,356	(4,986)	1,508	53,316	2,504	(3,920)	(9,046)	(10,462)	42,854
Unallocated income					1,210				1	1,211
Unallocated expenses					(26,056)				(1,919)	(27,975)
Profit/loss from operations					28,470				(12,380)	16,090
Finance costs					(6,231)				(42)	(6,273)
Other losses, net					(32,630)				(6,939)	(39,569)
Impairment net loss of goodwill and intangible asset	–	–	(110)	(103,700)	(103,810)	–	(1,030)	(148,700)	(149,730)	(253,540)
Loss before income tax					(114,201)				(169,091)	(283,292)
Income tax expenses					(7,051)				–	(7,051)
Loss for the year					(121,252)				(169,091)	(290,343)

	Sales of agricultural machinery	Sales of fertilizer	Provision of TV digitalisation related services	Sale of cordyceps-related product	Provision of premastering and other media services	Provision of audiovisual playout services	Direct television sales	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
BALANCE SHEET								
Segment assets	464,357	337,683	4,689	57,823	1,191	2,121	102	867,966
Unallocated assets								1,295,165
Total assets								2,163,131
Segment liabilities	206,186	42,390	14,988	20,485	2,061	243	4,755	291,108
Unallocated liabilities								961,844
Total liabilities								1,252,952

For the year ended 31 March 2010

	Continuing operations					Discontinuing operations				
	Sales of agricultural machinery	Sales of fertilizer	Provision of TV digitalisation related services	Sale of cordyceps-related product	Total	Provision of premastering and other media services	Provision of audiovisual playout services	Direct television sales	Total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
OTHER INFORMATION										
Capital expenditure	2,013	5,966	430	7,677	16,086	248	194	962	1,404	17,490
Unallocated capital expenditure										60
Total capital expenditure										17,550
Depreciation	763	1,150	1,382	1,520	4,815	489	489	840	1,818	6,633
Unallocated depreciation										122
										6,755

For the year ended 31 March 2009

	Continuing operations			Discontinuing operations				
	Provision of TV digitalisation related services	Sale of cordyceps-related product	Total	Provision of premastering and other media services	Provision of audiovisual playout services	Direct television sales	Total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	593	6,231	6,824	16,334	4,070	1,513	21,917	28,741
Segment results	(6,621)	3,912	(2,709)	1,603	(7,431)	(11,559)	(17,387)	(20,096)
Unallocated income			508				40	548
Unallocated expenses			(13,029)				(3,598)	(16,627)
Loss from operations			(15,230)				(20,945)	(36,175)
Finance costs			(868)				(7)	(875)
Other losses, net			(3,258)				—	(3,258)
Share of loss of an associated company	—	—	—	—	—	(10,026)	(10,026)	(10,026)
Impairment loss of goodwill	—	(4,019)	(4,019)	—	—	(231,787)	(231,787)	(235,806)
Loss before income tax			(23,375)				(262,765)	(286,140)
Income tax expenses			—				—	—
Loss for the year			(23,375)				(262,765)	(286,140)

	Provision of TV digitalisation related services	Sale of cordyceps-related product	Provision of premastering and other media services	Provision of audiovisual playout services	Direct television sales	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
BALANCE SHEET						
Segment assets	12,950	124,690	1,288	2,275	107,205	248,408
Unallocated assets						96,517
Total assets						344,925
Segment liabilities	22,972	6,465	3,417	334	5,120	38,308
Unallocated liabilities						11,082
Total liabilities						49,390

For the year ended 31 March 2009

	Continuing operations			Discontinuing operations				
	Provision of TV digitalisation related services	Sale of cordyceps-related product	Total	Provision of premastering and other media services	Provision of audiovisual playout services	Direct television sales	Total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
OTHER INFORMATION								
Capital expenditure	264	6,074	6,338	1,121	1,048	4,243	6,412	12,750
Unallocated capital expenditure								20
Total capital expenditure								12,770
Depreciation	3,675	240	3,915	806	806	443	2,055	5,970
Unallocated depreciation								66
								6,036

Secondary report format — geographical segments

The Group's seven business segments operated in two main geographical areas:

— Hong Kong — provision of pre-mastering and other media services and provision of audiovisual playout services;

— PRC — sales of agricultural machinery, fertilizer, development of digital television system platform and provision of related services, sales and rental of set-top boxes, development of program database, design and manufacture of digital television equipment and facilities, direct television sales and sale of cordyceps-related products.

	For the year ended 31 March 2010			
	Revenue	**Segment results**	**Segment assets**	**Capital expenditure**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Hong Kong	**19,375**	**(1,416)**	**100,508**	**502**
PRC	**221,358**	**44,270**	**2,062,623**	**17,048**
	240,733	**42,854**	**2,163,131**	**17,550**
Unallocated income		**1,211**		
Unallocated expenses		**(27,975)**		
Profit from operations		**16,090**		

	For the year ended 31 March 2009			
	Revenue	Segment results	Segment assets	Capital expenditure
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	20,404	(5,828)	18,682	2,188
PRC	8,337	(14,268)	326,243	10,582
	28,741	(20,096)	344,925	12,770
Unallocated income		548		
Unallocated expenses		(16,627)		
Loss from operations		(36,175)		

3. Finance costs

	Continuing operations		Discontinuing operations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest on bank loans	**4,456**	—	**—**	—	**4,456**	—
Interest on other loans	**—**	868	**42**	7	**42**	875
Interest on convertible bond	**1,775**	—	**—**	—	**1,775**	—
	6,231	868	**42**	7	**6,273**	875

4. Other losses — net

	Continuing operations		Discontinuing operations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Fair value gain/(loss) on financial assets at fair value through profit and loss	**3,838**	(1,482)	**—**	—	**3,838**	(1,482)
Provision for other receivables	**(24,471)**	(876)	**(3,171)**	—	**(27,642)**	(876)
Impairment of property, plant and equipment	**(8,065)**	—	**(3,705)**	—	**(11,770)**	—
Written down of inventories	**(3,932)**	(900)	**(63)**	—	**(3,995)**	(900)
	(32,630)	(3,258)	**(6,939)**	—	**(39,569)**	(3,258)

5. Impairment loss of goodwill and intangible asset

The impairment of goodwill and intangible assets are mainly relating to the acquisition of 100% equity interest of Hong Kong New Success International Group Investment Company Limited ("New Success"), which holds 72% equity interest of Fujian Tianxin Biological Technology Company Limited ("Tianxin") and the entire interest of Quanzhou Liangxin Biological Technology Development Company Limited ("Liangxin"). Tianxin is principally engaged in the cultivation of cordyceps and various precious funguses. Liangxin is principally engaged in the cordyceps related business. The valuation of New Success Group for the year ended 31 March 2010 is significantly decreased due to the fact that the launch of the processed cordyceps and its related products to the market has been delayed.

6. Loss before income tax

Loss before income tax is stated after charging the following:

	Continuing operations		Discontinuing operations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amortisation of intangible assets						
— Club membership	**7**	7	**—**	—	**7**	7
— Film rights	**110**	—	**—**	—	**110**	—
— Technologies	**4,400**	—	**—**	—	**4,400**	—
Auditors' remuneration						
— audit services	**562**	280	**120**	120	**682**	400
— non audit services	**714**	273	**—**	—	**714**	273
Depreciation	**4,937**	3,981	**1,818**	2,055	**6,755**	6,036
Impairment of goodwill	**15,700**	4,019	**65,700**	231,787	**81,400**	235,806
Impairment of intangible assets						
— Patent	**88,000**	—	**—**	—	**88,000**	—
— TV license	**—**	—	**83,000**	—	**83,000**	—
— Film right	**110**	—	**1,030**	—	**1,140**	—
Staff costs (including directors' emolument and share-based payment)	**12,734**	7,569	**10,022**	8,362	**22,756**	15,931

7. Income tax expense

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Hong Kong profits tax

No provision for Hong Kong profits tax has been made in these financial statements as there was no estimated assessable profits for the year (2009: Nil).

PRC corporate income tax

In accordance with the relevant tax laws in the PRC, subsidiaries are subject to corporate income tax rate of 25% on its taxable income. However, in accordance with the relevant tax laws in the PRC, it is exempted from corporate income tax for its first two profit-making years (after deducting losses incurred in previous years) and is entitled to a 50% tax reduction for the succeeding three years.

The tax expense for the year can be reconciled to the loss before income tax per consolidated income statement as follows:

	The Group	
	2010	2009
	HK$'000	*HK$'000*
Loss before income tax		
Continuing operations	**(114,201)**	(23,375)
Discontinuing operations	**(169,091)**	(262,765)
	(283,292)	(286,140)
Tax at the domestic income tax rate of 16.5% (2009: 16.5%)	**(46,743)**	(47,213)
Tax effect of non-taxable profits	**(822)**	(1,801)
Tax effect of non-deductible expenses	**44,179**	42,484
Tax effect of current year's tax losses unrecognized	**12,979**	8,044
Tax effect of temporary differences not previously recognized	**—**	6
Effect of different tax rates at overseas jurisdiction	**(2,113)**	(1,813)
Others	**(429)**	293
Tax expense for the year	**(7,051)**	—

8. Discontinuing Operation

During the year ended 31 March 2010, the Company discontinues the operations of the pre-mastering and other media services, audiovisual playout service and direct TV sales segments in order to concentrate its financial and human resources on its high growth businesses.

The results of the discontinuing operations included in the consolidated results of the Company for the year ended 31 March 2010 together with the comparative figures for the corresponding year in 2009 are set out below.

	2010	2009
	HK'000	*HK'000*
Revenue	**19,937**	21,917
Cost of sales	**(20,406)**	(26,709)
Gross losses	**(469)**	(4,792)
Other revenue	**1**	50
General, administrative and other expenses	**(11,912)**	(16,203)
Loss from operation	**(12,380)**	(20,945)
Finance costs	**(42)**	(7)
Other loss	**(6,939)**	—
Share of result of an associated Company	—	(10,026)
Impairment loss of goodwill and intangible assets	**(149,730)**	(231,787)
Loss before income tax	**(169,091)**	(262,765)
Income tax expenses	—	—
Loss for the year from discoutinuing operations	**(169,091)**	(262,765)

9. Loss per share

For continuing and discontinuing operations

The calculation of the basic loss per share attributable to the ordinary equity holders of the company is based on the following data:

	2010	2009
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic loss per share	**(269,331)**	(283,421)

	2010	2009
	HK$'000	*HK$'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,897,172**	842,316

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to the ordinary equity holders of the parent is based on the following data:

	2010	2009
	HK$'000	*HK$'000*
Loss for the year attributable to equity holders of the company	**(269,331)**	(283,421)
Less:		
Loss for the year from discontinuing operations	**(169,091)**	(262,765)
Loss for the purpose of basic loss per share from continuing operations	**(100,240)**	(20,656)

From discontinuing operations

Basic loss per share for the discontinuing operations is HK8.92 cents per share (2009: HK31.20 cents per share) based on the loss for the year from the discontinuing operations of HK$169,091,000 (2009: HK$262,765,000).

The diluted loss per share for the years ended 31 March 2010 and 31 March 2009 have not been disclosed as the share options outstanding these years and convertible bonds issued during the year had an anti-dilutive effect on the basic loss per share for these years.

10. Dividends

The directors do not recommend the payment of a dividend for the year ended 31 March 2010.

11. Accounts and notes receivables

The Group's credit term granted to customers generally ranges from 15 to 270 days. At 31 March 2010, details of the ageing analysis of accounts and notes receivables were as follows:

	2010	2009
	HK$'000	*HK$'000*
Current	**324,484**	5,612
30 — 60 days	**47**	2,160
61 — 90 days	**315**	—
Over 90 days	**6,462**	—
	331,308	7,772

The carrying amounts of the Group's accounts and notes receivables approximate their fair values.

12. Accounts and notes payables

At 31 March 2010, details of the ageing analysis of accounts and notes payables were as follows:

	2010	2009
	HK$'000	*HK$'000*
Current	**114,969**	777
30 — 60 days	**5,963**	2,061
61 — 90 days	**46,998**	1,090
Over 90 days	**68,150**	—
	236,080	3,928

The carrying amounts of the Group's accounts and notes payables approximate their fair values.

13. Comparative figures

Certain comparative figures have been reclassified and adjusted to conform with the current year's presentation.

14. Subsequent event

On 9 April 2010, the Company issued 20,000,000 and 10,000,000 shares in principal amounts of HK$2,500,000 and HK$1,250,000 to an employee and two consultants of the Company respectively pursuant to exercise of share options granted under the share option scheme II of the Company.

On 26 April 2010, the Company issued 1,500,000 shares in principal amounts of HK$187,500 to an employee pursuant to exercise of share options granted under the share option scheme II of the Company.

BUSINESS REVIEW AND FINANCIAL REVIEW

Financial review

For the year ended 31 March 2010, the Group recorded a revenue of approximately HK$220,796,000 (2009: approximately HK$6,824,000) from continuing operations. The increase was mainly due to the revenue contributed by newly acquired businesses, namely sales of agricultural machinery and fertilizer.

Since the completion of acquisition of Kang Yuan Universal Investment Ltd ("Kang Yuan") and its subsidiaries ("Kang Yuan Group") on 1 February 2010, Kang Yuan Group has contributed HK$213,048,000 revenue in which sales of agricultural machinery and sales of fertilizer amounted to HK$102,505,000 and HK$110,543,000 respectively.

During the year ended 31 March 2010, revenue from provision of TV digitalisation related services amounted to approximately HK$1,142,000 (2009: HK$593,000). The business of Sky Dragon Group will be further improved as a result of the process of launching digital television network across the PRC by the PRC government.

Revenue from sale of cordyceps related product amounted to approximately HK$6,606,000 (2009: HK$6,231,000).

The Group discontinues the operation of pre-mastering and other media services ("Media Services"), audiovisual playout services ("Playout Services") and direct TV sales in order to concentrate its financial and human resources on its high growth potential businesses.

During the year ended 31 March 2010, revenue from Media Services amounted to approximately HK$14,484,000 (2009: HK$16,334,000).

Revenue from the Playout Services amounted to approximately HK$4,890,000 (2009: HK$4,070,000) of the Group's Revenue.

Revenue from direct TV sales amounted to approximately HK$563,000 (2009: HK$1,513,000).

The Group generated a gross profit of approximately HK$69,624,000 (2009: HK$3,968,000) out of a total revenue of approximately HK$220,796,000 (2009: approximately HK$6,824,000). The gross profit margin has been dropped from 58% in 2009 to 32% in the current year, mainly due to the incorporation of result of sales of agricultural and fertilizer businesses which have lower profit margin than cordyceps related business.

The Group posted a loss attributable to owners of the Company of approximately HK$269,331,000 (2009: HK$283,421,000) for the current year from continuing and discontinuing operation. It is mainly due to (a) impairment of goodwill of cordyceps related business HK$15,700,000 (2009: HK$4,019,000) (b) impairment of patent of cordyceps related business HK$88,000,000 (2009: Nil) and (c) loss on discontinuing operations HK$169,091,000 (2009: 262,765,000).

Business Pursuits and Prospects

Despite the uncertainty of 2009, we took steps to prepare for the future. In view of slow and low performing businesses of the Group, it started to streamline and reposition it as a growth corporation. For the year under review, several measures are taken, including acquisition of a high growth tobacco agricultural company with strong business and financial track records in February 2010 and discontinuing several non-performing business units including audiovisual playout services and premastering, other media services and direct television sales. For the year under review, the Group set up an advertising division in Hunan that started generating revenue.

Acquisition

The Group entered the modern tobacco agriculture market in the PRC upon the completion of acquiring the entire issued share capital of Kang Yuan Universal Investment Limited ("Kang Yuan") in February 2010 and changed the company name from China Chief Cable TV Group Limited to Code Agriculture (Holdings) Limited on 23 March 2010. Kang Yuan holds 100% equity interest of Jiangsu Kedi Modern Agricultural Company Ltd ("Jiangsu Kedi"), the leading enterprise in the modern tobacco agricultural in the PRC, which also possesses over 35% market share, ranking the first in sale volume among the major flue-curing machinery suppliers in 2009.

Tobacco Industry

Tobacco is the only regulated industry in the PRC that provincial tobacco manufacturers in different regions are directly controlled by the central government. Moreover, the PRC is the largest cigarette consumption country, accounting for approximately one-third of the total consumption in the world. Tobacco industry is the major tax revenue source to the country.

Repositioning

After repositioning, modern tobacco agriculture became the Group's core business. To tap the rapid growing closed tobacco agriculture market in the PRC, the Group concentrates and committed its resources and effort on engaging in a wide range of tobacco-related agricultural businesses which include tobacco leaf drying equipment, tobacco agricultural machines, tobacco leaf-specific amino acid and bio-fertilizer, artificial intelligent nursery greenhouse and tobacco production information technology system. It is well positioned in terms of growth opportunities, diversity, and product expansion.

Growth Drivers

Strong market demand driven by government support

The PRC government has also been stipulating policies of encouraging tobacco drying from using the modern drying method since 2006 including provide financial subsidy.

Strong R&D capability with extensive sales and after-sales network

The Group itself possesses strong competitive edges as well. Closely co-operated with Nanjing Agricultural University, Henan Agricultural University and Harbin Industrial University, it has the strongest independent research team in the PRC, with strong research and development track records. The Group's sales and after-sales service network are also spread throughout the country's major tobacco areas, such as Yunnan, Guizhou, Sichuan, Henan, Guizhou, Chongqing, Hunan, Hubei, Shandong Province, northeast China, Gansu, Ningxia, of which, offices or subsidiaries are established in major tobacco-growing areas including Henan, Yunnan, Guizhou, Sichuan, Hunan, Chongqing, Guangxi, Shandong and Heilongjiang.

Launch of new products

The Group started to launch new product — tobacco-specific Amino Acid Bio-fertilizer as well as tobacco agricultural machines in 2010 in line of tobacco agricultural policy promoted and implemented by the government.

Maintain leadership in intensive flue-curing equipment

The Group plans to increase the effort on participating in tobacco agricultural modernization and to increase its market share in the industry.

Growth expansions and acquisitions

The Group is a growth driven company, with further high return investment opportunities available across the tobacco agricultural value chain for its expansions and acquisitions.

LIQUIDITY AND FINANCIAL RESOURCES

The Group used to finance its operation using internally generated cashflows. However, the acquisition of its subsidiaries and related capital investments induce the need for certain debt financing and fund raising. In addition, the Company issued convertible bonds in the principal amount of HK$1,098,000,000 in March 2010 as part of consideration in acquisition of Kang Yuan Group.

At the balance sheet date, the Group's total loans and borrowings amounted to approximately HK$972,434,000 (2009: HK$15,125,000). Among the total amounts of such loan and borrowings, approximately HK$312,227,000 (2009: HK$15,125,000) was payable within one year and approximately HK$660,207,000, the liability portion of convertible bond was payable after one year.

At the balance sheet date, cash and deposit at bank, including pledged deposit amounted to HK$328,799,000 (2009: HK$6,976,000) and net debt HK$643,635,000 (2009: HK$8,149,000). The gearing ratio became 107% (2009: 5%) based on the bank and other loans and convertible bond of approximately HK$972,434,000 (2009: HK$15,125,000) and the equity attributable to owners of the Company HK$904,851,000 (2009: HK$269,183,000). The increase of gearing ratio was attributable to increase in both total and net borrowings to finance the acquisition of Kang Yuan Group.

As at 31 March 2010, the Group's property, plant and equipment of HK$17,259,000 are pledged to secure bank loans granted to the Group and bank balance of HK$135,918,000 are pledged as guarantee deposits for the issuance of bank acceptance notes to supplier.

The Group's bank balances and borrowings are denominated in Hong Kong dollars and Renminbi and the Group has no significant exposure to foreign currency fluctuations.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2010.

EMPLOYEE INFORMATION

As at 31 March 2010, the Group had 487 full-time employees. Employees costs, including directors' emoluments and share based payment for the year amounted to approximately HK$22,756,000. Remuneration is reviewed annually and employees are rewarded on a performance related basis. In addition to the basic salaries, a wide range of benefits, including medical coverage, provident funds, training and development programmes and long service awards are also provided on an ongoing basis to employees of the group. The Group has a share option scheme whereby qualified employees may be granted options to acquire shares of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the Code for the year ended 31 March 2010, with the exception of the deviation in respect of the appointment term of non-executive directors as mentioned below.

Under code provision A.4.1, non-executive directors should be appointed for specific term. There is no specific term of appointment of the non-executive directors of the Company, however, they are subject to retirement by rotation in accordance with Bye-law of the Company. Accordingly the Company considers that sufficient measures have been taken to dealt with the requirement in respect of the appointment terms of non-executive directors as required under the code provision.

AUDIT COMMITTEE

The Company has established an audit committee comprising three independent non-executive directors and has adopted the terms of reference governing the authority and duties of the audit committee. The present members of the audit committee are Mr. Sousa Richard Alvaro, Mr. Lee Chi Hwa Joshua and Ms. Chan Mei Bo Mabel. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control of the Group. Four meetings were held during the current financial year and the annual results have been reviewed by the audit committee.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

On behalf of the Board
Wong Man Hung Patrick
Chairman

Hong Kong, 24 June 2010

As of the date hereof, the executive directors are Mr. Wong Man Hung Patrick, Mr. Law Kwok Leung, Mr. Feng Xiao Ping and Mr. Stephen William Frostick, the independent non-executive directors are Mr. Sousa Richard Alvaro, Mr. Lee Chi Hwa Joshua and Ms. Chan Mei Bo Mabel.

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