CODE AGRICULTURE (HOLDINGS) LIMITED
科 地 農 業 控 股 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8153)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2011

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. 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 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 of Code Agriculture (Holdings) Limited collectively and individually accept full responsibility, includes particular given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Code Agriculture (Holdings) Limited. The directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief, the information contained in this report 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 report misleading.

FINAL RESULTS

The board of directors (the "Board") of Code Agriculture (Holdings) Limited (the "Company") presents the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2011 together with comparative figures for the previous year are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March

	Note	**2011** ***HK$'000***	2010 *HK$'000* (Restated)
Continuing operations			
Revenue	*3*	**597,268**	220,796
Cost of sales and services		**(439,210)**	(151,172)
Gross profit		**158,058**	69,624
Other revenue	*3*	**26,647**	1,210
Distribution costs		**(53,599)**	(3,152)
Administrative expenses		**(109,008)**	(39,212)
Profit from operations		**22,098**	28,470
Finance costs	*4*	**(28,123)**	(6,231)
Other losses	*5*	**(10,494)**	(32,630)
Impairment loss on goodwill and other intangible assets	*6*	**(219,928)**	(103,810)
Loss before income tax	*7*	**(236,447)**	(114,201)
Income tax credit/(expense)	*8*	**11,662**	(7,051)
Loss for the year from continuing operations		**(224,785)**	(121,252)
Discontinuing operations	*9*		
Loss for the year from discontinuing operations		**—**	(169,091)
Loss for the year		**(224,785)**	(290,343)
Other comprehensive income			
Exchange differences on translating foreign operations		**20,557**	382
Total comprehensive income for the year		**(204,228)**	(289,961)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*
For the year ended 31 March

	Note	2011 HK$'000	2010 HK$'000 (Restated)
Loss attributable to:			
— Owners of the Company		**(224,988)**	(269,331)
— Non-controlling interests		**203**	(21,012)
		(224,785)	(290,343)
Total comprehensive income attributable to:			
— Owners of the Company		**(204,308)**	(268,937)
— Non-controlling interests		**80**	(21,024)
		(204,228)	(289,961)
Loss per share	*10*		
From continuing and discontinuing operations			
Basic (HK cents per share)		**(8.30)**	(14.20)
From continuing operations			
Basic (HK cents per share)		**(8.30)**	(5.28)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	
		2011	2010
	Note	***HK$'000***	*HK$'000*
			(Restated)
Non-current assets			
Property, plant and equipment		**83,514**	213,543
Prepaid land lease payments		**6,730**	8,523
Goodwill		**777,347**	817,195
Other intangible assets		**142,928**	268,940
Interest in an associate		**—**	—
		1,010,519	1,308,201
Current assets			
Inventories		**64,745**	18,753
Trade and bills receivables	*12*	**462,152**	331,308
Prepayments, other receivables and deposits		**152,075**	166,787
Amounts due from customers for contract works		**5,992**	—
Financial assets at fair value through profit or loss		**822**	6,916
Tax recoverable		**—**	226
Pledged deposits		**231,372**	135,918
Cash and bank balances		**47,491**	192,881
		964,649	852,789
Assets held for sale		**101,902**	2,141
		1,066,551	854,930
Current liabilities			
Trade and bills payables	*13*	**329,189**	236,080
Other payables and accruals		**56,438**	30,743
Amounts due to related companies		**1,807**	6,644
Amounts due to directors		**6,013**	—
Borrowings		**288,063**	312,227
Deferred income		**583**	—
Tax payable		**3,357**	7,051
		685,450	592,745
Net current assets		**381,101**	262,185
Total assets less current liabilities		**1,391,620**	1,570,386

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

		As at 31 March	
		2011	2010
	Note	***HK$'000***	*HK$'000*
			(Restated)
Capital and reserves			
Share capital		**27,138**	26,673
Reserves		**678,612**	878,178
Equity attributable to owners of the Company		**705,750**	904,851
Non-controlling interests		**27,757**	5,328
Total equity		**733,507**	910,179
Non-current liabilities			
Deferred tax liabilities		**12,825**	—
Convertible bonds		**645,288**	660,207
		658,113	660,207
		1,391,620	1,570,386

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Share Capital	Share Premium	Accumulated Losses	Merger Reserve	Capital Reserve	Share-based Payment Reserve	Exchange Reserve	Convertible Bonds Reserve	Subtotal	Non-Controlling Interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(note b)							
At 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 bonds	—	—	—	—	—	—	—	437,793	437,793	—	437,793
Share option scheme:											
— proceeds of share issued	770	8,855	—	—	—	—	—		9,625	—	9,625
— lapse of share options	—	—	—	—	—	(6,000)	—	—	(6,000)	—	(6,000)
— value of services	—	—	—	—	—	14,500	—	—	14,500	—	14,500
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 and 1 April 2010	**26,673**	**1,035,366**	**(636,820)**	**(197)**	**26,062**	**15,882**	**92**	**437,793**	**904,851**	**5,328**	**910,179**
Redemption of convertible bonds	—	—	—	—	—	—	—	(9,968)	(9,968)	—	(9,968)
Share option scheme:											
— proceeds from share issued	465	5,348	—	—	—	—	—	—	5,813	—	5,813
— exercise of share options	—	15,470	—	—	—	(15,470)	—	—	—	—	—
— value of services	—	—	—	—	—	9,362	—	—	9,362	—	9,362
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	22,349	22,349
Exchange differences *(note a)*	—	—	—	—	—	—	20,680	—	20,680	(123)	20,557
Loss for the year	—	—	(224,988)	—	—	—	—	—	(224,988)	203	(224,785)
At 31 March 2011	27,138	1,056,184	(861,808)	(197)	26,062	9,774	20,772	427,825	705,750	27,757	733,507

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 reorganization on 20 March 2001 as set out in the prospectus of the Company dated 26 March 2001.

Notes:

1. **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 HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting year of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements.

2. **ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

In the current year, the Group has applied the following new and revised standards, amendments and interpretations issued by the HKICPA.

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKFRSs (Amendments)	Improvements to HKFRSs 2009

Except as described below, the adoption of the new and revised standards, amendments and interpretations in the current year has had no material effect on the consolidated financial statements.

HKFRS 2 (Amendments), "Group cash-settled share-based payment transactions" — effective from 1 January 2010.

In addition to incorporating HK(IFRIC) 8, "Scope of HKFRS 2", and HK(IFRIC) 11, "HKFRS 2 – Group and treasury share transactions", the amendments expand on the guidance in HK(IFRIC) 11 to address the classification of group arrangements that were not covered by that interpretation.

HKFRS 3 (Revised), "Business combinations", and consequential amendments to HKAS 27 "Consolidated and separate financial statements", are effective prospectively to business combinations for which the acquisition date is on or after 1 April 2010.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. HKFRS 3 (revised) has had no impact on the current period, as there have been no contingent payments included in the purchase costs of the acquisition of the subsidiaries during the year.

HKAS 27 (Revised): Consolidated and separate financial statements

The revised HKAS 27 requires accounting for changes in ownership interests in a subsidiary, while maintaining control, to be recognised as an equity transaction. It also requires, when the Group loses control of a subsidiary, any interest retained in the former subsidiary to be re-measured at fair value with the gain or loss recognised in profit or loss.

HKFRSs (Amendments) — Improvements to HKFRSs (2009)

The "Improvements to HKFRSs (2009)" comprises a number of minor and non-urgent amendments to a range of HKFRSs which the HKICPA has issued as an omnibus batch of amendments. The impact of these amendments is not considered to be material to the Group and have not resulted in changes to the Group's accounting policies.

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7	Disclosures — Transfer of financial assets[3]
HKFRS 9	Financial instruments[4]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[5]
HKAS 24 (Revised)	Related party disclosures[6]
HK(IFRIC) — INT 14 (Amendments)	Prepayments of a minimum funding requirements[6]
HK(IFRIC) — INT 19	Extinguishing financial liabilities with equity instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 July 2011.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2012.
6 Effective for annual periods beginning on or after 1 January 2011.

The directors of the Company anticipate that the application of these new and revised standards, amendments and interpretations will have no material impact on the consolidated financial statements.

3. 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 the People's Republic of China (the "PRC"). 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 and other healthcare products business in the PRC.

There is no discontinuing operation during the year ended 31 March 2011.

During the year ended 31 March 2010, the Group discontinued the operations of the provision of pre-mastering and other media services ("Media Services"), the provision of audiovisual playout services ("Playout Services") in Hong Kong, and direct television sales in the PRC.

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

	2011	2010
	HK$'000	*HK$'000*
Revenue		
Continuing operations		
Sales of agricultural machinery	**416,453**	102,505
Sales of fertilizer	**111,047**	110,543
Construction contract revenue	**66,907**	—
Provision of TV digitalisation related services	**2,025**	1,142
Sales of cordyceps related and other healthcare products	**836**	6,606
	597,268	220,796
Discontinuing operations		
Provision for pre-mastering and other media services	—	14,484
Provision of audiovisual playout	—	4,890
Direct television sales	—	563
	—	19,937
Total revenue	**597,268**	240,733
Other revenue		
Interest income	**2,431**	615
Government grants *(note)*	**4,593**	—
Rental income from the lease of equipment	**9,302**	—
Waiver of interest on convertible bonds	**8,108**	—
Sundry income	**2,213**	595
Total other revenue	**26,647**	1,210

Note: The government grants mainly include government grants received for investment in Jiangsu provinces in the PRC. There are no unfulfilled conditions or contingencies relating to these grants.

Operating Segment information

The Group has adopted HKFRS 8 "Operating Segments". HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM"), which is a group of executive directors of the Company, for the purpose of allocating resources to segments and to assessing their performance. In the past, the Group's primary reporting format was business segment.

In a manner consistent with the way in which information is reported internally to CODM for the purpose of resources allocation and performance assessment, the Group is currently organized into the following operating segments:

Continuing operations

— Agricultural related machinery and construction operation;

— Fertilizer operation;

— TV digitalisation related operation;

— Cordyceps related and other healthcare products operation;

Discontinuing operations

— Provision of pre-mastering and other media services operation;

— Provision of audiovisual playout services on audiovisual data operation; and

— Direct television sales operation.

The following is an analysis of the Group's reportable segments:

	31 March 2011				
	Continuing operations				
	Agricultural related machinery and construction operation *HK$'000*	Fertilizer operation *HK$'000*	TV digitalisation related operation *HK$'000*	Cordyceps related and other healthcare products operation *HK$'000*	Consolidated *HK$'000*
Segment revenue and results					
Revenue from external customers	483,360	111,047	2,025	836	597,268
Gross profit/(loss)	143,449	15,656	(474)	(573)	158,058
Profit/(loss) from operations	52,473	2,102	(2,236)	(10,619)	41,720
Impairment loss on other intangible assets	(89,694)	—	—	(10,000)	(99,694)
Segment results	(37,221)	2,102	(2,236)	(20,619)	(57,974)
Interest income					2,431
Other income					8,114
Unallocated expenses					(34,030)
Finance costs					(28,123)
Other losses					(6,631)
Impairment loss on goodwill					(120,234)
Loss before income tax					(236,447)
Income tax credit					11,662
Loss for the year					(224,785)
Other information					
Depreciation	8,391	—	423	3,891	12,705
Unallocated depreciation					3,666
Total					16,371
Capital expenditure	12,360	—	328	2,207	14,895
Unallocated capital expenditure					403
Total					15,298
Total assets					
Segment assets	838,431	104,437	24,073	44,645	1,011,586
Financial assets at fair value through profit or loss					822
Goodwill					777,347
Pledged deposits					231,372
Cash and bank balances					47,491
Unallocated assets					8,452
					2,077,070
Total liabilities					
Segment liabilities	365,383	—	7,054	11,525	383,962
Borrowings					288,063
Deferred tax liabilities					12,825
Convertible bonds					645,288
Unallocated liabilities					13,425
					1,343,563

	31 March 2010									
	Continuing operations					Discontinuing operations				
	Agricultural related machinery and construction operation *HK$'000* *(Restated)*	Fertilizer operation *HK$'000* *(Restated)*	TV digitalisation related operation *HK$'000* *(Restated)*	Cordyceps related and other healthcare products operation *HK$'000* *(Restated)*	Total *HK$'000* *(Restated)*	Provision of pre-mastering and other media services operation *HK$'000* *(Restated)*	Provision of audiovisual playout services on audiovisual data operation *HK$'000* *(Restated)*	Direct television sales operation *HK$'000* *(Restated)*	Total *HK$'000* *(Restated)*	Consolidated *HK$'000* *(Restated)*
Segment revenue and results										
Revenue from external customers	102,505	110,543	1,142	6,606	220,796	14,484	4,890	563	19,937	240,733
Gross profit/(loss)	41,442	24,287	(1,224)	5,119	69,624	3,064	(3,352)	(181)	(469)	69,155
Profit/(loss) from operations	33,438	23,356	(7,352)	22	49,464	2,504	(3,920)	(9,789)	(11,205)	38,259
Impairment loss on goodwill and other intangible assets	—	—	(110)	(103,700)	(103,810)	—	—	—	—	(103,810)
Segment results	33,438	23,356	(7,462)	(103,678)	(54,346)	2,504	(3,920)	(9,789)	(11,205)	(65,551)
Interest income					615				—	615
Other income					595				1	596
Unallocated expenses					(22,204)				(1,176)	(23,380)
Finance costs					(6,231)				(42)	(6,273)
Other losses					(32,630)				(6,939)	(39,569)
Impairment loss on goodwill and other intangible assets					—				(149,730)	(149,730)
Loss before income tax					(114,201)				(169,091)	(283,292)
Income tax expense					(7,051)				—	(7,051)
Loss for the year					(121,252)				(169,091)	(290,343)
Other information										
Depreciation	763	1,150	1,382	1,520	4,815	489	489	840	1,818	6,633
Unallocated depreciation										122
Total										6,755
Capital expenditure	2,013	5,966	430	7,677	16,086	248	194	962	1,404	17,490
Unallocated capital expenditure										60
Total										17,550
Total assets										
Segment assets	464,357	337,683	3,658	57,248	862,946	1,170	2,101	—	3,271	866,217
Financial assets at fair value through profit or loss										6,916
Goodwill										817,195
Pledged deposits										135,918
Cash and bank balances										192,881
Unallocated assets										144,004
										2,163,131
Total liabilities										
Segment liabilities	206,186	42,390	12,772	12,019	273,367	2,061	243	1,346	3,650	277,017
Borrowings										312,227
Convertible bonds										660,207
Unallocated liabilities										3,501
										1,252,952

4. FINANCE COSTS

	Continuing operations		Discontinuing operations		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest on bank loans wholly repayable within five years	**15,892**	4,456	**—**	—	**15,892**	4,456
Interest on other loans	**2,837**	—	**—**	42	**2,837**	42
Effective interest expenses on convertible bonds	**9,394**	1,775	**—**	—	**9,394**	1,775
	28,123	6,231	**—**	42	**28,123**	6,273

5. OTHER LOSSES

	Continuing operations		Discontinuing operations		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Fair value gain/(loss) on financial assets at fair value through profit or loss	**(2,891)**	3,838	**—**	—	**(2,891)**	3,838
Impairment loss on other receivables	**(3,630)**	(24,471)	**—**	(3,171)	**(3,630)**	(27,642)
Impairment loss on property, plant and equipment	**(47)**	(8,065)	**—**	(3,705)	**(47)**	(11,770)
Write-off of inventories	**(3,926)**	(3,932)	**—**	(63)	**(3,926)**	(3,995)
	(10,494)	(32,630)	**—**	(6,939)	**(10,494)**	(39,569)

6. IMPAIRMENT LOSS ON GOODWILL AND OTHER INTANGIBLE ASSETS

For the year ended 31 March 2011, the impairment loss on goodwill and intangible assets are mainly related to the acquisition of Kang Yuan Universal investment Limited ("Kang Yuan", which holds 100% equity interest of Jiangsu Kedi Modern Agricultural Company Ltd ("Jiangsu Kedi") and the subsidiaries (collectively as "Jiangsu Kedi Group")). During the year, the production volume and sale volume of the major products of Jiangsu Kedi Group were lower than expected due to the business financing was more difficult in the PRC under the tightening monetary policies and the State Tobacco Monopoly Bureau had re-established the production standards of certain Jiangsu Kedi Group products. Accordingly, the Company had to make provision for impairment of HK$120,234,000 and HK$89,694,000 respectively on goodwill arising from the acquisition of Kang Yuan and certain technology patents. Other than that, as there was no improvement in the results of the New Success Group was achieved, the value of the remaining patent of HK$10,000,000 was fully impaired during the year.

For the year ended 31 March 2010, the impairment loss on goodwill and other intangible assets are mainly related to the acquisition of 100% equity interest of Hong Kong New Success International Group Investment Company Limited (the "New Success Group"), 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 (the 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 the New Success Group for the year ended 31 March 2010 significantly decreased due to the fact that the launch of the processed cordyceps and its related products to the market has been delayed.

7. LOSS BEFORE INCOME TAX

	Continuing operations		Discontinuing operations		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Staff costs (including directors' emoluments)						
— Wages and salaries	**29,700**	5,802	**—**	9,443	**29,700**	15,245
— Pension costs	**1,801**	407	**—**	579	**1,801**	986
— Share-based payments	**1,560**	6,525	**—**	—	**1,560**	6,525
	33,061	12,734	**—**	10,022	**33,061**	22,756
Costs of inventories sold	**436,711**	149,480	**—**	10,412	**436,711**	159,892
Amortisation of intangible assets						
— Club membership	**7**	7	**—**	—	**7**	7
— Film rights	**—**	110	**—**	—	**—**	110
— Technologies	**26,318**	4,400	**—**	—	**26,318**	4,400
— Amortisation of prepaid land lease payments	**445**	302	**—**	—	**445**	302
Auditors' remuneration						
— Audit services	**1,694**	562	**—**	120	**1,694**	682
— Non-audit services	**—**	714	**—**	—	**—**	714
Depreciation	**15,298**	4,937	**—**	1,818	**15,298**	6,755
Exchange (gain)/loss	**635**	135	**—**	(15)	**635**	120
Loss on disposal of property, plant and equipment	**68**	—	**—**	—	**68**	—
Operating lease charges in respect of						
— land and building	**4,933**	1,418	**—**	4,222	**4,933**	5,640
— plant and equipment	**27**	—	**—**	2,880	**27**	2,880
Other share-based payments	**7,802**	1,975	**—**	—	**7,802**	1,975
Impairment loss on goodwill	**120,234**	15,700	**—**	65,700	**120,234**	81,400
Impairment loss on other intangible assets						
— Patent	**10,000**	88,000	**—**	—	**10,000**	88,000
— TV licence	**—**	—	**—**	83,000	**—**	83,000
— Film right	**—**	110	**—**	1,030	**—**	1,140
— Technology	**89,694**	—	**—**	—	**89,694**	—
Research and development costs	**624**	—	**—**	—	**624**	—

8. INCOME TAX CREDIT/(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.

Continuing operations	**2011** ***HK$'000***	2010 *HK$'000*
Hong Kong profits tax	**—**	—
PRC enterprise income tax	**(9,401)**	(7,051)
	(9,401)	(7,051)
Deferred tax		
— Current year	**21,063**	—
	11,662	(7,051)

Notes:

No provision for Hong Kong profits tax has been made in the financial statements as there was no estimated assessable profit for the year (2010: Nil).

In accordance with the relevant tax laws in the PRC, the subsidiaries of the Company in the PRC are subject to an enterprise income tax rate of 25% (2010: 25%) for its taxable income. However, in accordance with the relevant tax laws in the PRC, a subsidiary of the Company is exempted from enterprise 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 year of 2010 is the third profit-making years of that subsidiary and accordingly, the applicable income tax rate for that subsidiary is 12.5% for the year. In addition, one of the subsidiaries of the Company had been designated as a high-tech enterprise and its PRC enterprise income tax rate was reduced from 25% to 15% in accordance to the relevant tax law in the PRC. The remaining subsidiaries of the Company in the PRC are subject to PRC enterprise income tax at 25% for their taxable income.

The tax credit/(expense) for the year can be reconciled to the loss before income tax per consolidated statement of comprehensive income as follows:

	2011	2010
	HK$'000	*HK$'000*
Loss before income tax		
Continuing operations	**236,447**	114,201
Discontinuing operations	**—**	169,091
	236,447	283,292
Tax at domestic income tax rate of 16.5% (2010: 16.5%)	**39,014**	46,743
Tax effect of non-taxable profits	**1,642**	822
Tax effect of non-deductible expenses	**(32,066)**	(44,179)
Tax effect of current year's tax loss recognized	**—**	(12,979)
Profit not subject to tax due to tax concession	**(4,474)**	2,113
Effect of different tax rates at overseas jurisdictions	**7,546**	—
Others	**—**	429
Tax credit/(expense) for the year	**11,662**	(7,051)

As at 31 March 2011 and 2010, the Group has unused tax losses that are available indefinitely for offsetting against future taxable profits. Deferred tax assets have not been recognized in respect of these losses as they have arisen in the companies that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

9. DISCOUNTING OPERATIONS

There is no discontinuing operation for the year ended 31 March 2011.

During the year ended 31 March 2010, the Company discontinued 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.

10. LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss attributable to owners for the year ended 31 March 2011 of approximately HK$224,988,000 (2010: loss of approximately HK$269,331,000) and on the weighted average number of 2,709,803,000 (2010: 1,897,172,000) ordinary shares in issue during the year. No diluted loss per share has been presented as the exercise of the Company's outstanding share options and convertible bonds would result in a decrease in loss per share for the year.

11. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 March 2011 (2010: Nil).

12. TRADE AND BILLS RECEIVABLES

Details of the aging analysis of trade and bills receivables at the end of the reporting period were as follows:

	2011	2010
	HK$'000	*HK$'000*
Trade receivables		
Current	**338,716**	300,110
30 — 90 days	**61,624**	362
91 — 180 days	**59,370**	2,254
Over 180 days	**1,135**	4,208
	460,845	306,934
Bills receivables	**1,307**	24,374
	462,152	331,308

The Group's credit term granted to customers generally ranges from 30 to 270 days.

Based on past experience of the Group, it is determined that no provision for impairment is necessary in respect of past due balances as there has not been a significant change in credit quality of the customers and the balances are still considered to be fully recoverable. The Group does not hold any collateral over these balances.

13. TRADE AND BILLS PAYABLES

Details of the aging analysis of trade and bills payables at the end of the reporting period were as follows:

	2011	2010
	HK$'000	*HK$'000*
Trade payables		
Current	**59,380**	7,460
30 — 90 days	**3,052**	52,961
91 — 180 days	**24,563**	29,684
Over 180 days	**25,108**	38,466
	112,103	128,571
Bills payables	**217,086**	107,509
	329,189	236,080

14. COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

I hereby announce that for the year ended 31 March 2011, the revenue of the Group amounted to HK$597,268,000 (2010: HK$220,796,000), representing an increase of 171% over last year, while the gross profit of the Group amounted to HK$158,058,000 (2010: HK$69,624,000), representing a significant increase of 127% over last year. Most increase in revenue and gross profit is mainly due to the expansion of the Group's business to sales of agricultural machinery and fertilizer products since February 2010, and the results of the business was completely reflected during the year.

The sales of agricultural machinery segment focused on the sales of intensive flue-curing barn. The segment also engaged in businesses related to modern tobacco agriculture, such as launched different types and models of machinery products for tobacco, and expanded the construction of agriculture related facilities and technology services, and commenced their sales during the year. During the year, benefited from the full implementation of tobacco agriculture modernisation in the tobacco industry in the PRC and the complete reflection of results, revenue from the agricultural machinery segment increased approximately 372% to HK$483,360,000 (2010: HK$102,505,000). During the year, profit from operations amounted to HK$52,473,000 (2010: HK$33,438,000), representing an increase of 57% over last year. The growth for the year was lower than expected, as business financing was more difficult under the tightening monetary policy of increasing required reserve ratio and deposit and loan interest rates in the PRC. Meanwhile, as the wage and raw material prices in the PRC continued to increase, and the production cost of the major segment product (intensive flue-curing tobacco barn) increased under the re-established production standards of the State Tobacco Monopoly Bureau, gross profit margin decreased from approximately 40% last year to 30% this year. Based on the above factors, the Company made a one-off provision for impairment of approximately HK$89,694,000 on certain technology patents it held. Accordingly, the segment results for the year was a loss of HK$37,221,000 (2010: segment profit of HK$33,438,000).

The sales of fertilizer segment focused on the sales of tobacco-specific amino acid fertilizer. During the year, as a result of continuous increase in raw material costs, transportation costs and wage, product pricing was not attractive to customers in certain regions, leading to a significant decrease in the demand of fertilizer products. Accordingly, while the segment results have been accounted for fully during the year, the sales for the year was only HK$111,047,000 (2010: HK$110,543,000), representing a slight increase over the sales for around two months last year. The segment profit after segment expense was only HK$2,102,000 (2010: HK$23,356,000), representing a significant decrease over last year. Accordingly, after the end of the year, a subsidiary of the Group signed an assets transfer agreement, and agreed to dispose of the idle land, buildings and equipment related to the business and liquidise assets, which helps the Group to concentrate its resources on developing projects with higher potentials.

Affected by the above adverse factors on the two agriculture related operations during the year, the Company had to make a one-off provision of HK$120,234,000 (2010: Nil) for goodwill arising from the acquisition of relevant projects.

During the year, the number of users in the provision of TV digitalisation related business segment increased with the popularisation of digital TV in the PRC. The segment sales increased by 77% from last year to HK$2,025,000 (2010: HK$1,142,000). The segment loss was HK$2,236,000 (2010: HK$7,462,000), representing a significant decrease of approximately 70% from last year.

During the year, the agency agreement with China National Group Corp. of Traditional & Herbal Medicine, the sole agent in the PRC, was terminated. As a result, the segment sales of cordyceps related and other healthcare products significantly decreased to HK$836,000 (2010: HK$6,606,000). Due to slower sales of products than expected, the Company had to make a one-off provision of HK$3,818,000 (2010: HK$2,424,000) for inventories. In addition, the segment had to re-develop product markets after the termination of the agency agreement, leading to an increase of the marketing expenses for the year as compared to last year. Besides, the fixed expenses of the segment did not decrease significantly due to the decline in sales. Accordingly, the segment results turned from profit to loss and recorded a loss from operations for the year of HK$10,619,000 (2010: profit of HK$22,000). Given the operating condition during the year was not up to expectation, as at the year end date, a one-off provision for impairment of HK$10,000,000 was made for an outstanding patent held (2010: patent HK$88,000,000 and goodwill HK$15,700,000). The segment results after the one-off provision for impairment recorded a segment loss of HK$20,619,000 (2010: HK$103,678,000).

For the year ended 31 March 2011, the Group recorded a loss attributable to owners of the Company of HK$224,988,000 (2010: HK$269,331,000) and a basic loss per share of HK$8.30 cents (2010: HK$14.20 cents). The losses were mainly resulted from the loss from operations of the Group's cordyceps related and other healthcare products, the one-off provision for impairment on patent, technology and goodwill of HK$10,000,000, HK$89,694,000 and HK$120,234,000 respectively and the non-cash equity settled share based payment expenses of HK$9,362,000 (2010: HK$8,500,000). The equity settled share based payment expenses represented the recognised expenses of fair value of share options granted to the employees of the Company during the year, and did not result in cash outflow.

Financial Review

The Group is principally engaged in agricultural related machinery and construction business, fertilizer business, TV digitalisation related business and cordyceps related and other healthcare products business.

For the year ended 31 March 2011, the Group recorded a revenue of approximately HK$597,268,000, representing an increase of 171% as compared to last year's revenue of HK$220,796,000. The main reason for the increase in revenue was that the results of the sales of agricultural machinery and fertilizer businesses acquired in February 2010 were completely reflected during the year.

Among which the total revenue of sales of agricultural machinery and fertilizer amounted to HK$594,407,000 (2010: HK$213,048,000), representing 99.5% (2010: 96.5%) of the total revenue of the Group. The revenue of provision of TV digitalisation related services and sales of cordyceps related and other healthcare products businesses were approximately HK$2,025,000 (2010: HK$1,142,000) and HK$836,000 (2010: HK$6,606,000) respectively, together representing 0.5% (2010: 3.5%) of the Group's total revenue.

During the year, the Group recorded a gross profit of approximately HK$158,058,000 (2010: HK$69,624,000), representing an increase of 127% over last year. The gross profit of the sales of agricultural related machinery and construction and sales of fertilizer businesses were HK$143,449,000 (2010: HK$41,442,000) and HK$15,656,000 (2010: HK$24,287,000) respectively. Due to higher increase in costs than revenue, the provision of TV digitalisation related services segment recorded a gross loss of HK$474,000 during the year, but the loss significantly decreased as compared to last year's HK$1,224,000. With the digitalisation of the TV industry in the PRC, the segment results are expected to improve further. The termination of agreement with the PRC sole agent resulted in a significant decrease in sales. Therefore, the sales of cordyceps related and other healthcare products business recorded a gross loss of HK$573,000 (2010: profit of HK$5,119,000) during the year. The gross profit margin of the Group was 26.5%, slightly lower than last year's 31.5% of continuing operations, mainly because the profit margin of agricultural related machinery and construction business and fertilizer business, which accounted for larger share of the Group during the year, was lower than the cordyceps related and other healthcare products business, which accounted for larger share in the past, and the cordyceps related and other healthcare products recorded a gross loss for the reasons above. Furthermore, continuous increase in average wage and raw material prices in the PRC also increased production cost, putting pressure on gross profit margin.

During the year, other revenue of the Group was approximately HK$26,647,000, representing a significant increase as compared to last year's HK$1,210,000, mainly due to the interest income for the year of HK$2,431,000 (2010: HK$615,000) as a result of continuous increase in the deposit interest rate in the PRC; an one-off income from waiver of interest on convertible bonds of HK$8,108,000 (2010: Nil); the rental income from the short-term machinery lease of HK$9,302,000 (2010: Nil) during the year. However, this business was discontinued upon the end of all short-term leases in 2010. A government grant income of HK$4,593,000 (2010: Nil) was recognised.

During the year, distribution costs and administrative expenses were HK$53,599,000 (2010: HK$3,152,000) and HK$109,008,000 (2010: HK$39,212,000) respectively. The major reasons for the significant increase include the complete reflection of expenses related to the newly-acquired sales of agricultural business during the year, and the increase in expenses due to rising price indexes in the Mainland and Hong Kong.

During the year, finance costs was HK$28,123,000, representing a significant increase of approximately 3.5 times as compared to last year's HK$6,231,000, mainly due to the complete reflection of the effective interest expenses on convertible bonds issued by the Company in March 2010 and the interest on bank loans of the subsidiary acquired in February 2010 of HK$9,394,000 (2010: HK$1,775,000) and HK$15,892,000 (2010: HK$4,101,000) respectively.

For the year ended 31 March 2011, impairment loss on goodwill and other intangible assets amounted to HK$219,928,000 (2010: HK$103,810,000), included the impairment on patent of HK$10,000,000, impairment on technology of HK$89,694,000 and impairment on goodwill of HK$120,234,000.

For the year ended 31 March 2011, other comprehensive income which is arising from exchange differences on translating foreign operations amounted to HK$20,557,000 (2010: HK$382,000).

During the year, the Group did not have any discontinued operation. The discontinued operations last year included pre-mastering and other media services, audiovisual playout services and direct television sales businesses. Last year, discontinued operations contributed a loss of HK$169,091,000 to the Group.

The loss for the year ended 31 March 2011 of the shareholders of the Company was HK$224,988,000 (2010: HK$269,331,000, including continuing and discontinued operations).

PROSPECTS

Since the second half of 2010, the core business of the Group mainly focuses on the sales of modern agricultural machinery and facilities business. The State Tobacco Monopoly Administration plans to promote projects such as the modernisation, mechanisation and soil transformation of tobacco cultivation and the growing of organic tobacco in the next five years, and encourage the implementation of modern agricultural technologies such as greenhouse seedling, intensive flue-curing and accurate fertilisation, to bring the quality of tobacco in the PRC up to internationally advanced standards and reduce reliance on the import of high quality tobacco. This brings huge business opportunities to tobacco cultivation.

The Group is the first professional company to engage in tobacco agriculture in the PRC, and have strong professional technical teams and research and development experience. Currently, the market share of the Group's products is over 30%. It is expected that in the next few years, with higher requirements on tobacco quality, energy saving and emission reduction, more small enterprises with low research and development capacity, backward technology level and inadequate capital strength will be eliminated, providing the Group with larger market space. In view of the above favourable factors, the management is very optimistic about the future prospects of the Group's tobacco cultivation related business, and expects that the Group's tobacco cultivation related business will further improve the Group's revenue and contribute positively to the Group's performance in the coming year.

The Group successfully acquired Kang Yuan Universal Investment Limited and its subsidiaries in February 2010. After the acquisition, leveraging on its diversified businesses and leading edge in the industry, the Group engages in tobacco agriculture area comprehensively. With the re-positioning of the Group and the strengthening of modern tobacco agricultural business development, the Group will reduce the resources allocated to other businesses, including the provision of TV digitalisation related services and cordyceps related products, or dispose of these businesses to ensure the adequacy of resources for core businesses.

Looking ahead, the Group will conduct business in the modern tobacco agriculture area, and strengthen promotion of projects such as the comprehensive use of biomass energy and pesticide, tobacco-specific fertilizer and tobacco specialisation services, which will help facilitate the Group's business development and improve farmers' income, and maintain social stability. Internally, the Group will implement a series of cost control measures, and search for different ways of financing, to strengthen the capital of the Company and accelerate the future development of the key projects of the Company. In addition, upon the disposal of fertilizer business held by the Group, the management of the Group will continue to look for acquisition opportunities that are related to tobacco agriculture and match the long term development of the Company, expand the Company's scale and market territory and reinforce the Group's leading position in the industry, to reward its shareholders with growth. In February 2011, the Group entered into a memorandum of understanding with an independent third party in relation to the possible acquisition of 70% equity interest of a company engaged in the research, production and distribution of tobacco business in the PRC. The proposed transaction is subject to the signing of a formal agreement. Further announcement in respect of the progress of the proposed transaction will be made by the Company as and when appropriate.

LIQUIDITY AND FINANCIAL RESOURCES

At 31 March 2011, the Group had current assets of HK$1,066,551,000 (2010: HK$854,930,000). The group's current ratio at year end date, calculated based on current assets of HK$1,066,551,000 (2010: HK$854,930,000) divided by current liabilities of HK$685,450,000 (2010: HK$592,745,000), was at a healthy ratio of 1.56 (2010: 1.44).

The Company issued approximately 46.5 million new shares during the year as a result of exercise of share options granted. At year end date, equity attributable to owners of the Company amounting to HK$705,750,000 (2010: HK$904,851,000) and is equivalent to an attributable amount of HK$0.26 per share of the Company (2010: HK$0.34).

In March 2010, the Company issued convertible notes with total principal amount of HK$1,098,000,000 which could be converted into ordinary shares of the Company at an initial conversion price of HK$0.43 per share. At year end date, convertible bonds with principal HK$25,000,000 were redeemed and thus convertible bonds with principal amount of HK$1,073,000,000 were outstanding. At 31 March 2011, the group's total indebtedness comprised fair value of outstanding convertible bonds and borrowings with aggregate amount of HK$933,351,000 (2010: HK$972,434,000). The Group's gearing ratio, calculated on the basis of total indebtedness divided by total indebtedness and total equity, was 127.2% (2010: 106.8%) at the year end date. The convertible bonds, if not converted, would be due for repayment in March 2015 whereas the bank loans were all repayable within five years. The convertible bonds were denominated in Hong Kong dollars and bore fixed interest rate at 1% per annum whereas the bank loans were denominated in Renminbi and bore interest at fixed and floating rate ranged between 5.31% and 6.91%.

With the amount of liquid assets on hand as well as credit facilities available, the management is of the view that the Group will have sufficient financial resources to meet its ongoing operational requirements.

Foreign Currency Management

The monetary assets and liabilities and business transactions of the Group was mainly carried and conducted in Hong Kong dollars and Renminbi. The Group continues to maintain a prudent strategy in its foreign currency risk management, to a large extent, foreign exchange risks are minimised by balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. In light of the above, it is considered that the Group's exposure to foreign exchange risk is insignificant and no hedging measure has been undertaken by the Group.

Pledge of assets

At 31 March 2011, the Group's certain leasehold land and buildings (including prepaid land lease payments) with aggregate carrying amount of approximately HK$6,730,000 (2010: HK$13,135,000) were pledged to secure general banking facilities granted to the Group.

At 31 March 2011, bank deposits denominated in Renminbi of HK$231,372,000 (2010: HK$135,918,000 were pledged to secure the banking facilities granted to the Group.

Contingent Liability

At 31 March 2011, the Group had no significant contingent liability.

Capital Commitment

At 31 March 2011, the Group had no significant capital commitment.

Event after the reporting period

Subsequent to 31 March 2011, an indirect wholly-owed subsidiary of the Company entered into an asset transfer agreement with an connected person of the Company to dispose certain property and equipment with a total consideration of approximately RMB138,000,000 (the "Disposal"). An special general meeting was held and the resolution relating to the Disposal was duly passed by the independent shareholders of the Company on 18 May 2011. At the announcement date, the Disposal is not completed.

EMPLOYEES AND REMUNERATION POLICY

At 31 March 2011, the Group had about 691 (2010:487) employees including directors. Total staff costs for the year, including directors' emoluments but excluding equity settled share based payment expenses, was approximately HK$31,501,000 (2010: HK$16,231,000). The increase in staff costs were mainly due to acquisition of Kang Yuen Universal Investment Limited and its subsidiaries in February 2010. The equity settled share based payment expenses of HK$1,560,000 (2010: HK$6,525,000) represented fair value of share options granted to directors and employees of the Group and were not resulted in any cash outflow.

Salary package for employees are structured by reference to market conditions, staff's experience and individual performance. Other benefits offered by the Group included medical insurance, mandatory provident fund scheme, training subsidies, share option scheme and discretionary bonus.

DIRECTOR'S AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARE, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2011, the interest and short position of the directors and chief executives of the Company in the share of HK$0.01 each in the share capital of the Company (the "Shares"), underlying Shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Future Ordinance (the "SFO"), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the SFO or the Rules Governing the Listing of Securities on the Growth Enterprise market of the Stock Exchange (the "GEM Listing Rules") were as follows:

(a) Long positions in the ordinary shares of the Company

Name of director	Capacity and nature of interest	Number of shares held	Approximate percentage of the Company's issued share capital
Ms. Jingquan Yingzi	Interests held by controlled corporation and beneficial owner	2,409,069,767 *(note (a) and(b))*	88.77%
Mr. Wong Man Hung Patrick	Beneficial owner	25,000,000	0.92%
Mr. Shan Xiaochang	Interests held by controlled corporation and beneficial owner	2,381,519,767 *(note (a) and (b))*	87.76%
Mr. Feng Xiao Ping *(note (c))*	Interests held by controlled corporation	31,718,750	1.17%

Notes:

(a) 2,379,069,767 shares are held by Cyberland (China) Limited, which is legally and beneficially owned as to 45% and 40% by Rise Enterprises Limited ("Rise Enterprises") and Stepwise International Holdings Limited ("Stepwise") respectively.

Rise Enterprises is legally and beneficially owned as to 32.5% and 42.5% by Mr. Shan Xiaochang ("Mr. Shan") and Eagle Bliss Limited ("Eagle Bliss") respectively.

Stepwise is legally and beneficially wholly owned by Mr. Shan.

Ms. Jingquan Yingzi also holds derivative interests of the Company through her 100% interests in Wealth Way and Eagle Bliss.

(b) The interests refer to the same parcel of shares.

(c) 31,718,750 shares are held by Sino Unicorn technology Limited ("Sino Unicom"), a company in which Mr. Feng Xiao Ping has an indirect interest of 51% therein.

Save as disclosed above, as at 31 March 2011, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of the SFO) which are required (a) to be recorded in the register maintained by the Company under section 352 of SFO or (b) to be notified to the Company and the Stock Exchange pursuant to the SFO or the GEM Listing Rules.

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

As at 31 March 2011, so far as was known to the directors of the Company, the following persons (not being directors or chief executives of the Company) had, or were deemed to have, interests and long positions in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 & 3 of part XV of the SFO and were recorded in the register kept by the Company pursuant to section 336 of SFO.

			Derivative interests	
Name of shareholders	**Number of shares — long position**	**Percentage of share capital**	**Number of underlying shares — long position**	**Percentage of share capital to issued capital at 31 March 2011**
		(%)		*(%)*
Mr. Lee Yuk Lun	219,298,244	8.08	—	—
Mr. Au Yeung kai Wah	150,625,000	5.55	—	—
Cyberland (China) Limited	—	—	2,379,069,767 *(note (a) and (b))*	87.67
Eagle Bliss Limited			2,379,069,767 *(notes (a), (c) and (e))*	87.67
Rise Enterprises Limited			2,379,069,767 *(notes (a) and (b))*	87.67
Stepwise International Holdings Limited			2,379,069,767 *(notes (a), (b) and (d))*	87.67
Ms. Wu Shuhua			2,381,519,767 *(note (f))*	87.76

Notes:

(a) The interests refer to the same parcel of shares.

(b) Cyberland (China) Limited is legally and beneficially owned as to 45% and 40% by Rise Enterprises and Stepwise respectively.

(c) Rise Enterprises is legally and beneficially owned as to 32.5% and 42.5% by Mr. Shan and Eagle Bliss respectively.

(d) Stepwise is legally and beneficially wholly owned by Mr. Shan.

(e) Ms. Jingquan Yingzi also holds derivative interests of the Company through her 100% interests in Eagle Bliss.

(f) Ms. Wu Shuhua is the spouse of Mr. Shan Xiaochang. By virtue of the SFO, Ms. Wu Shuhua is also deemed to be interested in all shares in which Mr. Shan Xiaochang is interested and/or deemed to be interested.

Save as disclosed above and in the above section headed "Directors' and chief executives' interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation", the Company had not been notified of any other interests or short positions in the issued share capital of the Company to be recorded under Section 336 of the SFO as at 31 March 2011.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the year ended 31 March 2011. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year ended 31 March 2011.

CORPORATE GOVERNANCE PRACTICES

The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period under review, with the exception of the deviation in respect of the appointment term of non-executive directors.

Under code provision A4.1, 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-laws 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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the year under review, the Company continued to adopt a code of conduct regarding securities transactions by directors 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. The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.

COMPETING BUSINESS

None of the directors or management shareholders of the Company (as defined in the GEM Listing Rules) has an interest in a business which compete or may compete with the business of the Group.

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 primary duties of the audit committee are to review and supervise the financial reporting process and internal control of the Group. This announcement has been reviewed by the audit committee.

On behalf of the Board
Wong Man Hung, Patrick
Director

Hong Kong, 27 June 2011

As of the date of this announcement, the executive directors of the Company are Ms. Jingquan Yingzi, Mr. Wong Man Hung Patrick, Mr. Shan Xiaochang, Mr. Wu Zhongxin, Mr. Feng Xiao Ping and Mr. Stephen William Frostick; the non-executive director is Prof. Liu Guoshun; and the independent nonexecutive directors are Mr. Sousa Richard Alvaro, Mr. Lee Chi Hwa Joshua and Ms. Chan Mei Bo Mabel.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page and on the Company's website of http://www.code-hk.com for a minimum period of at least 7 days from the date of its posting.