CODE AGRICULTURE (HOLDINGS) LIMITED

科地農業控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 8153)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

CHARACTERISTICS OF THE 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 of the Stock Exchange (the "Main Board") and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

ANNUAL RESULTS

The board of Directors (the "Board") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2019 together with comparative figures for the year ended 31 March 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
Continuing operations			
Revenue	*5*	**28,061**	23,610
Cost of sales and services		**(23,741)**	(8,878)
Gross profit		**4,320**	14,732
Other income	*6*	**814**	135
Other losses	*7*	**(12,461)**	–
Distribution costs		**(169)**	(445)
Administrative expenses		**(13,744)**	(13,737)
Net fair value (loss)/gain on financial assets at fair value through profit or loss		**(1,282)**	1,202
Finance costs – net	*8*	**(27,994)**	(31,369)
Loss before income tax	*9*	**(50,516)**	(29,482)
Income tax credit/(expense)	*10*	**20**	(326)
Loss for the year from continuing operations		**(50,496)**	(29,808)
Discontinued operation			
Loss for the year from discontinued operations	*11*	**(259)**	(4,494)
Loss for the year		**(50,755)**	(34,302)
Loss for the year attributable to owners of the Company			
– Continuing operations		**(50,363)**	(29,681)
– Discontinued operations		**(259)**	(4,494)
Loss for the year attributable to owners of the Company		**(50,622)**	(34,175)
Loss for the year attributable to non-controlling interests			
– Continuing operations		**(133)**	(127)
Loss per share			
From continuing and discontinued operations			
– Basic		**(2.18)**	(1.97)
– Diluted		**(2.18)**	(1.97)
From continuing operations			
– Basic		**(2.17)**	(1.97)
– Diluted		**(2.17)**	(1.97)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2019

	2019	2018
	HK$'000	*HK$'000*
Loss for the year	**(50,755)**	(34,302)
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**774**	(1,319)
Total comprehensive expense for the year	**(49,981)**	(35,621)
Total comprehensive expenses attributable to:		
– Owners of the Company	**(50,089)**	(35,248)
– Non-controlling interests	**108**	(373)
	(49,981)	(35,621)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,220**	4,659
Goodwill		**–**	–
Other intangible assets		**104**	444
Investment in an associate		**–**	–
Deferred tax assets		**–**	–
		2,324	5,103
Current assets			
Inventories		**–**	172
Loan receivables		**4,416**	3,995
Amounts receivable	*13*	**25,440**	28,505
Prepayments, deposits and other receivables		**6,738**	5,402
Amount due from a related company		**–**	2,802
Financial assets at fair value through profit or loss	*14*	**3,160**	9,717
Cash and cash equivalents		**2,220**	2,063
		41,974	52,656
Current liabilities			
Trade payables	*15*	**18,890**	6,256
Other payables and accruals		**16,163**	12,883
Amount due to a non-controlling shareholder of a subsidiary		**709**	754
Amount due to a director		**1,120**	–
Borrowings		**20,818**	40,797
Convertible bonds	*16*	**–**	76,626
Tax payable		**2,235**	2,415
		59,935	139,731
Net current liabilities		**(17,961)**	(87,075)
Total assets less current liabilities		**(15,637)**	(81,972)

	Notes	2019 HK$'000	2018 HK$'000
Non-current liabilities			
Deferred tax liabilities		**–**	158
Convertible bonds	*16*	**162,630**	89,336
		162,630	89,494
Net liabilities		**(178,267)**	(171,466)
EQUITY			
Capital and reserves			
Share capital		**1,072**	760
Reserves		**(171,725)**	(164,504)
Equity attributable to owners of the Company		**(170,653)**	(163,744)
Non-controlling interests		**(7,614)**	(7,722)
Capital deficiency		**(178,267)**	(171,466)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the Company									
	Share capital *HK$'000*	Share premium *HK$'000*	Equity component of convertible bonds *HK$'000*	Capital Reserve *HK$'000*	Merger reserve *HK$'000* *(note (a))*	Exchange reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 April 2017	457	92,635*	46,835*	6,000*	(197)*	199*	(303,957)*	(158,028)	(7,349)	(165,377)
Loss for the year	–	–	–	–	–	–	(34,175)	(34,175)	(127)	(34,302)
Other comprehensive income										
– Exchange differences on translation of foreign operations	–	–	–	–	–	(1,073)	–	(1,073)	(246)	(1,319)
Total comprehensive income (expense) for the year	–	–	–		–	(1,073)	(34,175)	(35,248)	(373)	(35,621)
Conversion of convertible bonds *(note (e))*	160	22,902	(4,330)	–	–	–	–	18,732	–	18,732
Shares issued or to be issued in respect of bond interest payments *(note (f))*	143	16,657	–	(6,000)	–	–	–	10,800	–	10,800
At 31 March 2018#	**760**	**132,194***	**42,505***	**–**	**(197)***	**(874)***	**(338,132)***	**(163,744)**	**(7,722)**	**(171,466)**
Impact on initial application of HKFRS 9	**–**	**–**	**–**	**–**	**–**	**–**	**(4,980)**	**(4,980)**	**–**	**(4,980)**
Adjusted balance at 1 April 2018	**760**	**132,194***	**42,505***	**–**	**(197)***	**(874)***	**(343,112)**	**(168,724)**	**(7,722)**	**(176,446)**
Loss for the year	–	–	–	–	–	–	(50,622)	(50,622)	(133)	(50,755)
Other comprehensive income										
– Exchange differences on translation of foreign operations	–	–	–	–	–	533	–	533	241	774
Total comprehensive income (expense) for the year	–	–	–	–	–	533	(50,622)	(50,089)	108	(49,981)
Shares issued in respect of equity settlement of a loan *(note (b))*	60	14,940	–	–	–	–	–	15,000	–	15,000
Shares issued under general mandate *(note (c))*	28	6,972	–	–	–	–	–	7,000	–	7,000
Loss on amendments of the terms of the convertible bonds *(note (d))*	–	–	39,494	–	–	–	(39,494)	–	–	–
Direct cost regarding to the amendments of the terms of the convertible bonds	–	–	(80)	–	–	–	–	(80)	–	(80)
Conversion of convertible bonds *(note (e))*	136	19,585	(4,281)	–	–	–	–	15,440	–	15,440
Shares issued or to be issued in respect of bond interest payments *(note (f))*	88	10,712	–	–	–	–	–	10,800	–	10,800
At 31 March 2019	1,072	184,403	77,638	–	(197)	(341)	(433,228)	(170,653)	(7,614)	(178,267)

* These reserve accounts comprise the consolidated reserves of –HK$171,725,000 (2018: –HK$164,504,000) in the consolidated statement of financial position.

\# The Group has initially applied HKFRS 15 and HKFRS 9 at 1 April 2018. Under the transition methods chosen, comparative information is not restated. See note 1(c).

Notes:

(a) The merger reserve of the Group represents the difference between the nominal value of the share capital of a subsidiary acquired and the nominal value of the shares issued by the Company in exchange thereof pursuant to the Group reorganisation on 20 March 2001 as set out in the prospectus of the Company dated 26 March 2001.

(b) On 29 August 2018, the Company entered into the subscription agreement with Artic Blue Corporation ("Artic Blue"), pursuant to which the Company has agreed to allot and issue and Artic Blue has agreed to subscribe for 150,000,000 subscription shares at the subscription price of HK$0.10 per subscription shares for settlement of the outstanding loan of approximately HK$15.0 million due to Artic Blue. On 10 September 2018, 150,000,000 ordinary shares of the Company (the "Share(s)") were issued accordingly.

(c) On 19 September 2018, the Company entered into another subscription agreement with Mr. Wang Dequn ("Mr. Wang"), pursuant to which the Company agreed to allot and issue and Mr. Wang has agreed to subscribe for 70,000,000 subscription shares at the subscription price of HK$0.10 per subscription shares for additional financial resources for the overall development of the Group. On 26 October 2018, 70,000,000 Shares were issued accordingly. Mr. Wang has been appointed as an executive Director and chairman of the Board with effect from 1 November 2018.

(d) On 25 October 2018, the Company and the bondholders of the 6% convertible bonds in the aggregate principal amount of HK$130.0 million due on 5 November 2018 (the "CB 2018") and the 6% convertible bonds in the aggregate principal amount of HK$120.0 million due on 28 June 2019 (the "CB 2019") (collective refer the "CB" and the "Bondholders") entered the supplemental agreements, pursuant to which the Company agreed with the Bondholders (i) to extend the maturity date of the CB 2018 and the CB 2019 from the maturity date of 5 November 2018 and 28 June 2019 respectively to the extended maturity date of 31 December 2020, and (ii) to change the interest payment terms of the CB 2018 and the CB 2019 from interest of 6% per annum payable annually to 8% per annum payable semi-annually. The approval from the Stock Exchange has been granted and the shareholders' approval has been obtained at the special general meeting of the Company dated 5 December 2018 to approve the amendments to the terms of the CB.

As the terms of the CB have been amended, the CB has been revalued as at the date of obtaining the shareholders' approval on the basis carried out at that day by an independent qualified professional valuer not connected to the Group. The liability and the equity components of the CB have been adjusted. A gain on debt extinguishment of approximately HK$1.7 million was recognised in the finance costs as the adjustment for the liability component and a loss of approximately HK$39.5 million was recorded in the equity transactions.

(e) During the year, no bondholders of the CB 2018 have converted the CB 2018 into Shares (2018: aggregate principal amount of HK$20,000,000 converted into 400,000,000 Shares). The bondholder of the CB 2019 has converted the CB 2019 with the aggregate principal amount of HK$17.0 million at conversion price of HK$0.05 per share into 340,000,000 Shares (2018: no Shares were converted).

(f) During the year, the Bondholders have requested to pay any interest payable by way of Shares. The interests of approximately HK$11.0 million have been paid by way of the Shares and 219,801,000 Shares were issued at conversion price of HK$0.05 per share (2018: interests of approximately HK$17,865,000 converted into 357,304,000 Shares).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

The Company is an investment holding company and the principal activities of the Group are provision of digital television broadcasting and advertising in Hong Kong and the PRC, money lending business in Hong Kong and securities investments in Hong Kong.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which includes all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. In addition, these consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and by Hong Kong Companies Ordinance ("HKCO").

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments measured at fair values as explained in the accounting policies set out below. These consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Going concern basis

In preparing the consolidated financial statements, the directors of the Company (the "Directors") have given careful consideration to the future liquidity and performance of the Group in light of the fact that as at 31 March 2019, the Group had net current liabilities of approximately HK$17,961,000 (2018: approximately HK$87,075,000) and a capital deficiency of approximately HK$178,267,000 (2018: approximately HK$171,466,000).

The Directors reviewed the Group's financial and liquidity position, and have taken the following actions to mitigate the liquidity issues faced by the Group:

(a) the shareholders of the Company have confirmed that they will provide continuous financial support to the Company for a period of twelve months from the date of approval of these consolidated financial statements for the year ended 31 March 2019 by the Directors;

(b) possible fund raising activities including, but not limited to placing, rights issues or open offer and issuance of convertible bonds are to be attempted;

(c) the Group is in negotiation with financial institutions and the Company's bondholders for new borrowings and extensions of existing borrowings and convertible bonds upon due dates and applying for future credit facilities; and

(d) the management plans to improve the Group's financial performance by taking steps to reduce discretionary expenses and administrative costs and exploring new business which will provide a growing and recurring source of income.

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

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

3. NEW AND AMENDMENTS TO HKFRSS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Group has adopted the following amended HKFRSs and HKASs issued by the HKICPA for the first time in the current year.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(a) HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes to the consolidated financial statements.

Considering the nature of the Group's principal activities, Management has assessed the impact and concluded that the application of HKFRS 15 has not had any material impact on the Group's consolidated financial statements.

The Group recognises revenue from the following major sources which arise from contracts with customers:

1. Service income from digital television

2. Service income form car beauty

3. Loan interest income from money lending business

(b) HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and other items (for example, contract assets, lease receivables and financial guarantee contracts).

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2019 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Accounting policies resulting from application of HKFRS 9 are disclosed in notes to the consolidated financial statements

Summary of effects arising from initial application of HKFRS 9

	Carrying amounts previously reported at 31 March 2018	**Remeasurement**	**Carrying amounts under HKFRS 9 at 1 April 2018**
	HK$'000	*HK$'000*	*HK$'000*
Loan and amounts receivables	32,500	(4,980)	27,520
Accumulated losses	338,132	4,980	343,112

(c) New and Amendments to HKFRSs in Issue But Not Yet Effective

The Group has not early applied the following new and revised HKFRSs and HKASs that have been issued but are not yet effective.

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2021.
3 Effective for business combinations and assets acquisitions for which the acquisition date is on or after the first period beginning on or after 1 January 2020.
4 Effective for annual periods beginning on or after a date to be determined.
5 Effective for annual periods beginning on or after 1 January 2020.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the consolidated balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the balance sheet date, the Group has non-cancellable operating lease commitments of approximately HK1,006,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The Group will apply the standard from its mandatory adoption date of 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other standards and interpretations that are not yet effective that would be expected to have a material impact on the Group's consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

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

(a) Digital television: provision of digital television broadcasting and advertising in Hong Kong and the PRC;

(b) Money lending: provision of mortgage loans and short-term loans in Hong Kong; and

(c) Securities investments: investments and trading of securities in Hong Kong.

During the year ended 31 March 2019, the Group disposed of the entire equity interests in Super Car Service Company Limited which engaged in provision of car beauty and maintenance services in Hong Kong. Accordingly, the Group's car beauty operation was treated as discontinued operation. The segment information reported below does not include any amounts for the discontinued operation which is disclosed in note 11.

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

Segment assets exclude deferred tax assets, corporate and unallocated assets and assets relating to discontinued operation.

Segment liabilities exclude deferred tax liabilities, convertible bonds, corporate and unallocated liabilities and liabilities relating to discontinued operation.

(a) Segment Results
For the year ended 31 March 2019

	Continuing operations				Discontinued operation		
	Digital Television *HK$'000*	**Money landing** *HK$'000*	**Securities investments** *HK$'000*	**Sub-total** *HK$'000*	**Car beauty** *HK$'000*	**Sub-total** *HK$'000*	**Total** *HK$'000*
Segment revenue							
Sales to external customers	27,623	438	–	28,061	1,324	1,324	29,385
Segment results	3,895	425	–	4,320	(273)	(273)	4,047
Reconciliation:							
Interest income				1		–	1
Unallocated gains				813		–	813
Finance costs				(27,994)		–	(27,994)
Corporate and other unallocated expenses				(27,656)			(27,656)
Loss before income tax				(50,516)		(273)	(50,789)

For the year ended 31 March 2018 (restated)

	Continuing operations				Discontinued operation		
	Digital Television *HK$'000*	Money landing *HK$'000*	Securities investments *HK$'000*	Sub-total *HK$'000*	Car beauty *HK$'000*	Sub-total *HK$'000*	Total *HK$'000*
Segment revenue							
Sales to external customers	23,345	265	–	23,610	3,302	3,302	26,912
Segment results	12,696	243	1,202	14,141	(2,275)	(2,275)	11,866
Reconciliation:							
Interest income				1		–	1
Unallocated gains				134		–	134
Finance costs				(31,369)			(31,369)
Corporate and other unallocated expenses				(12,389)		(1,203)	(13,592)
Loss before income tax				(29,482)		(3,478)	(32,960)

(b) Segment Assets and Liabilities
At 31 March 2019

	Continuing operations			
	Digital television ***HK$'000***	**Money landing** ***HK$'000***	**Securities investments** ***HK$'000***	**Total** ***HK$'000***
Segment assets	**27,700**	**4,427**	**5,282**	**37,409**
Reconciliation:				
Corporate and other unallocated assets				**6,889**
Total assets				**44,298**
Segment liabilities	**25,324**	**8**	**2,883**	**28,215**
Reconciliation:				
Convertible bonds				**162,630**
Corporate and other unallocated liabilities				**(31,719)**
Total liabilities				**222,564**

At 31 March 2018 (restated)

	Continuing operations				Discontinued operation		
	Digital Television *HK$'000*	Money landing *HK$'000*	Securities investments *HK$'000*	Sub-total *HK$'000*	Car beauty *HK$'000*	Sub-total *HK$'000*	Total *HK$'000*
Segment assets	31,059	4,006	11,222	46,287	1,207	1,207	47,494
Reconciliation:							
Corporate and other unallocated assets				10,265		–	10,265
Total assets				56,552		1,207	57,759
Segment liabilities	13,392	187	–	13,579	624	624	14,203
Reconciliation:							
Deferred tax liabilities				158		–	158
Convertible bonds				165,962		–	165,962
Corporate and other unallocated liabilities				48,902		–	48,902
Total liabilities				228,601		624	229,225

(c) Other Segment Information
For the year ended 31 March 2019

	Continuing operations				**Discontinued operation**		
	Digital Television ***HK$'000***	**Money landing** ***HK$'000***	**Securities investments** ***HK$'000***	**Sub-total** ***HK$'000***	**Car beauty** ***HK$'000***	**Sub-total** ***HK$'000***	**Total** ***HK$'000***
Depreciation	**42**	**–**	**–**	**42**	**40**	**40**	**82**
Unallocated depreciation				**270**		**–**	**270**
				312		**40**	**352**
Amortisation of other intangible assets	**3**	**–**	**–**	**3**	**53**	**53**	**56**

For the year ended 31 March 2018

	Continuing operations				Discontinued operation		
	Digital Television *HK$'000*	Money landing *HK$'000*	Securities investments *HK$'000*	Sub-total *HK$'000*	Car beauty *HK$'000*	Sub-total *HK$'000*	Total *HK$'000*
Depreciation	230	–	–	230	806	806	1,036
Unallocated depreciation				899		–	899
				1,129		806	1,935
Amortisation of other intangible assets	7	–	–	7	91	91	98
Capital expenditure	32	–	–	32	73	73	105
Unallocated expenditure				31		–	31
				63		73	136

Geographical information

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

	2019 *HK$'000*	2018 *HK$'000*
Revenue from external customers		
Hong Kong	**27,824**	22,265
The PRC	**237**	1,345
	28,061	23,610

	2019 *HK$'000*	2018 *HK$'000*
Non-current assets		
Hong Kong	**2,324**	2,321
The PRC	**–**	2,782
	2,324	5,103

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets is based on the physical and operating location of the assets. The Company is an investment holding company incorporated in Bermuda and operated in Hong Kong, while the Group has part of its operations and its workforce in the PRC, and therefore, the PRC is considered as the Group's country of domicile for the purpose of the disclosures as required by HKFRS 8 "Operating Segments".

Information about major customers

Revenue from customers of the year from continuing operations ended 31 March 2019 and 2018 contributing over 10% of the total revenue of the Group are generated from digital television business as follow:

	2019	2018
	HK$'000	HK$'000
Customer A	**8,800**	–
Customer B	**5,250**	–
Customer C	**–**	4,000

5. REVENUE

	2019	2018
	HK$'000	*HK$'000*
Continuing operations		
Digital television service income	**27,623**	23,345
Money lending income	**438**	265
	28,061	23,610

The revenue from contracts with customer are solely derived from digital television segment and under a point in time revenue recognition.

	For the year ended 31 March 2019	
Segment	**Digital television**	**Money Lending**
	HK$'000	***HK$'000***
Revenue disclosed in segment information		
External customer and total	**27,623**	**–**
Interest income	**–**	**438**
Revenue from contracts with customers	**27,623**	**438**

6. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Continuing operations		
Bank interest income	**1**	1
Interest income from amount due from a related company	**48**	134
Sundry income	**765**	–
	814	135

7. OTHER LOSSES

	2019	2018
	HK$'000	*HK$'000*
Continuing operations		
Impairment loss on other receivables	**2,599**	–
Impairment loss on trade receivables	**9,862**	–
	12,461	–

8. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Continuing operations		
Interest on other loans wholly repayable within five years	**4,925**	1,644
Interest on convertible bonds	**24,778**	29,725
Fair value change in extinguishment of liability portion of convertible bonds	**(1,709)**	–
	27,994	31,369

9. LOSS BEFORE INCOME TAX

Loss before income tax from continuing operations is arrived at after charging (crediting):

	2019	2018
	HK$'000	*HK$'000*
(a) Employee benefit expense (including directors' remuneration)		
Salaries, wages and other benefits	**7,919**	9,989
Retirement benefit scheme contributions	**156**	405
	8,075	10,394
(b) Other items		
Depreciation of items of property, plant and equipment	**312**	1,129
Amortisation of intangible asset	**3**	7
Loss on disposal of items of property, plant and equipment	**324**	44
Write-off of items of property, plant and equipment	**26**	–
Minimum lease payments under operating leases in respect of land and buildings	**1,402**	3,851
Minimum lease payments under operating leases in respect of office equipment	**–**	64
Auditors' remuneration		
– Current year	**630**	580
– Over provision for prior year	**–**	(30)

10. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Continuing operations		
Current tax – Hong Kong Profits Tax	**(20)**	326

Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong for the years ended 31 March 2019 and 2018.

The provision for PRC Enterprise Income Tax is calculated at the standard rate of 25% on the estimated assessable income as determined in accordance with the relevant income tax rules and regulations of the PRC. No PRC Enterprise Income Tax has been provided for the years ended 31 March 2019 and 2018.

Reconciliation between the income tax expense and the Group's accounting loss from continuing operations at applicable tax rates is as follows:

	2019	2018
	HK$'000	*HK$'000*
Loss before income tax from continuing operations	**(50,516)**	(29,482)
Tax calculated at Hong Kong income tax rate of 16.5%	**(8,335)**	(4,865)
Tax effect of non-taxable income	**(466)**	(2,215)
Tax effect of non-deductible expenses	**2,385**	1,102
Tax effect of unused tax losses not recognised	**6,396**	6,304
Income tax (credit)/expense	**(20)**	326

11. DISCONTINUED OPERATION

On 31 October 2018, the Group entered into a sales and purchase agreement with an independent third party for disposal of the Group's entire equity interests in Super Car Service Company Limited, which were engaged in car beauty and maintenance in Hong Kong. The transaction was completed on 31 October 2018.

The loss for the period/year from the discontinued car beauty operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the car beauty operation as a discontinued operation.

	Period ended 31 October 2018	Year ended 31 March 2018
	HK$'000	HK$'000
Loss of car beauty operation for the period/year	**(203)**	(4,494)
Loss on disposal of car beauty operation	**(56)**	–
	(259)	(4,494)

The results of the Disposal Subsidiary for the period from 1 April 2018 to 31 October 2018, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows.

	Period ended 31 October 2018 *HK$'000*	Year ended 31 March 2018 *HK$'000*
Revenue	**1,324**	3,302
Cost of sales	**(1,062)**	(4,486)
Gross profit	**262**	(1,184)
Administrative expenses	**(479)**	(2,294)
Loss before tax	**(217)**	(3,478)
Deferred tax	**14**	(1,016)
Loss for the year	**(203)**	(4,494)
Loss for the year from discontinued Operations including the following:		
Depreciation	**40**	806
Amortisation	**53**	91
Minimum lease payments under operating leases in respect of land and buildings	**332**	1,806
Salaries wages and other benefits	**856**	2,369
Retirement benefit scheme contributions	**27**	74
Write-off of items of property, plant and equipment	**35**	716
Write-off of inventory	**2**	–

12. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2019 *HK$'000*	2018 *HK$'000*
Loss		
Loss attributable to owners of the Company		
– From continuing operations	**(50,363)**	(29,681)
– From discontinued operation	**(259)**	(4,494)
	(50,622)	(34,175)
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares in issue	**2,322,731**	1,505,305

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2019 and 2018 in respect of a dilution as the impact of the convertible bonds outstanding had an anti-dilutive effect.

13. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**25,440**	28,505

(a) Aging analysis

The Group's credit terms with its customers generally range from 30 days to 180 days (2018: 30 days to 180 days). The Group seeks to apply strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. As at the end of the reporting period, an aging analysis of the trade receivables, net of provision presented based on the respective dates on which revenue was recognised, are as follows:

	2019	2018
	HK$'000	*HK$'000*
Current	**1,234**	10,000
Within 30 days	**–**	–
31–90 days	**4,986**	3,000
91–180 days	**1,425**	8,000
Over 180 days	**17,795**	7,505
	25,440	28,505

(b) Aging analysis of trade receivables that were past due but not impaired

	2019	2018
	HK$'000	*HK$'000*
0 to 3 months past due	**4,986**	3,000
4 to 6 months past due	**1,425**	8,000
Over 6 months past due	**17,795**	7,505
	24,206	18,505

Trade receivables that were past due but not impaired related to a large number of diversified customers that have a good track record of credit with the Group. Based on past credit history, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong	**3,160**	9,717

The movements for the financial assets at fair value through profit or loss during the year are as follows:

	2019	2018
	HK$'000	*HK$'000*
Beginning of the year	**9,717**	36,595
Additions	**6,002**	38,281
Net fair value gain (loss) recognised in profit or loss	**(1,281)**	1,202
Disposals	**(11,278)**	(66,361)
End of the year	**3,160**	9,717

Net fair value gain (loss) on financial assets at fair value through profit or loss recognised included:

	2019	2018
	HK$'000	*HK$'000*
Realised gain	**346**	7,420
Unrealised loss	**(1,627)**	(6,218)
	(1,281)	1,202

15. TRADE PAYABLES

Based on the invoice date, the aging analysis of the trade payables is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**9,950**	1,995
31–90 days	**4,800**	3,659
91–180 days	**2,044**	–
Over 180 days	**2,096**	602
	18,890	6,256

The Group's credit terms generally range from 30 to 60 days (2018: 30 to 60 days) from the invoice date.

16. CONVERTIBLE BONDS

On 5 November 2015, the Company issued the 6% convertible bonds in the aggregate principal amount of HK$130,000,000 due on 5 November 2018 (the "CB 2018") with a conversion price of HK$0.05 per share, subject to customary adjustment. On 28 June 2016, the Company issued the 6% convertible bonds in the aggregate principal amount of HK$120,000,000 due on 28 June 2019 (the "CB 2019") with a conversion price of HK$0.05 per share, subject to customary adjustment.

The terms of CB 2018 and CB 2019 are satisfied the "fixed for fixed" rule in HKAS 32. The proceeds of the CB 2018 and CB 2019 were allocated into two components, debt and equity elements on initial recognition. The equity elements are presented in equity component of convertible bonds. The CB 2018 and CB 2019 have been valued as at the date of issue on the basis carried out at that date by independent qualified professional valuers not connected with the Group.

The movements of the liability component of the CB 2018 and CB 2019 during the year were as follows:

	CB 2018 ***HK$'000***	**CB 2019** ***HK$'000***	**Total** ***HK$'000***
At 1 April 2017	86,252	79,517	165,769
Effective interest expense for the year	13,906	15,819	29,725
Conversion during the year	(18,732)	–	(18,732)
Shares issued in respect of bond interest payments	(4,800)	(6,000)	(10,800)
At 31 March 2018 and 1 April 2018	**76,626**	**89,336**	**165,962**
Effective interest expense for the year	**11,312**	**13,466**	**24,778**
Fair valve change of liabilities extinguishment	**(3,300)**	**1,591**	**(1,709)**
Conversion during the year	**–**	**(15,440)**	**(15,440)**
Share issued in respect of bond interest payments	**(4,800)**	**(6,000)**	**(10,800)**
Direct cost	**(80)**	**(81)**	**(161)**
	79,758	**82,872**	**162,630**

The carrying amounts of the CB 2018 and CB 2019 are presented in the consolidated statement of financial position as follows:

	2019 ***HK$'000***	2018 *HK$'000*
Current portion	**–**	76,626
Non-current portion	**162,630**	89,336
	162,630	165,962

The principal terms of the CB 2018 and CB 2019 are as follows:

(i) Period

The convertible bonds are due and will mature on the third (3rd) anniversary of the date of issuance of the convertible bonds (the "Maturity Date"). Any unredeemed and unconverted bond shall be redeemed at 100% of the outstanding principal amount in cash.

(ii) Conversion

The bondholder of the convertible bonds (the "Bondholder(s)") has the right (the "Conversion Right") to convert the outstanding principal amount of the convertible bonds in whole or in part into Shares (the "Conversion Shares") at any time following the date of issue until the Maturity Date.

The number of Conversion Shares to be issued on exercise of a Conversion Right shall be determined by dividing the principal amount of the convertible bonds being converted by HK$0.05 (the "Conversion Price"), subject to customary adjustments in the events of share consolidation, share subdivision, capitalisation issues, capital distribution, rights issue and issues of other securities below 80 per cent of market price. In the opinion of the Directors, the adjustments to Conversion Price in those circumstances are all for anti-dilutive purpose to protect the right of the Bondholder.

(iii) Early redemption

The Company is entitled to redeem the convertible bonds at 100% of the outstanding principal amount of the convertible bonds (in whole or in part) at any time and from time to time at the option of the Company prior to the Maturity Date.

(iv) Interest

The convertible bonds bears interest from and including the date of its issue at the rate of 6% per annum on the outstanding principal amount thereof. The Bondholders have the option to request the Company to pay the interest by the additional shares of the Company instead of cash. The Bondholders have, by notice in writing served on the Company, required the Company to pay any interest payable hereunder by way of Shares.

On 25 October 2018, the Company and the bondholders entered into the Supplemental Agreements (the "Supplemental Agreements") to extend the maturity date of the CB 2018 and the CB 2019 from the maturity date of 5 November 2018 and 28 June 2019 respectively to the extended maturity date of 31 December 2020; and to change the interest payment terms of the CB 2018 and CB 2019.

For the interest of CB 2018, the interest is calculated as the outstanding principal amount of the CB2018 held by the Bondholders multiplied by 8% per annum, instead of 6% per annum, simple interest payable semi-annually, instead of per annum.

For the interest CB 2019, the interest is calculated as the outstanding principal amount of the CB 2019 held by the Bondholder multiplied by 8% per annum, instead of 6% per annum, simple interest payable semi-annually, instead of per annum.

The supplemental agreement was subsequently approved by shareholder of the Company on 5 December 2018, the amendments resulted in substantial modification of the terms of the convertible notes. On 3 December 2018, the liability component of the convertible notes before extension was extinguished with the corresponding original convertible notes reserve while the liability component of the convertible notes after extension was newly recognised with the fair value which has been ascertained by an independent professional valuation firm. Interest expenses on the convertible notes before and after extension was calculated using the effective interest method by applying the effective interest rate of approximately 10.48% and 9.18% to the respective liability component.

17. DISPOSAL OF A SUBSIDIARY

As referred to in note 11, on 31 October 2018, the Group disposed of its 100% equity interest in Super Car Service Company Limited to an independent third party for a cash consideration of HK$300,000.

The carrying amounts of the assets and liabilities of the Super Car Service Company Limited at the date of disposal were as follows:

		2019
	Notes	***HK$'000***
Net liabilities disposed of:		
Property, plant and equipment	*15*	**155**
Intangible assets	*16*	**278**
Inventories		**110**
Trade receivables		**5**
Other receivables		**174**
Cash and cash equivalents		**172**
Other payables and accruals		**(394)**
Deferred tax liabilities	*32*	**(144)**
		356
Loss on disposal		**(56)**
Consideration		**300**

An analysis of the net cash flows in respect of the disposal of subsidiaries was as follows:

	2019
	HK$'000
Cash consideration	**300**
Less: cash and cash equivalents disposed of	**(172)**
Net cash outflow arising from the disposal	**128**

18. CONTINGENT LIABILITIES

No contingent liabilities of the Group were noted at 31 March 2019 and 2018.

19. EVENTS AFTER REPORTING PERIOD

(a) On 10 December 2018, the Company entered into a memorandum of understanding ("MOU") with Yidao Donglian Blockchain Technology (Hainan) Limited* and Baping Sky International Technology Limited* (collectively referred to as the "Potential Partners"), for the proposed cooperation to create a new cross-border e-commerce platform. On 17 April 2019 (after trading hours) the Company and the Potential Partners entered into a deed of termination and release pursuant to which the parties mutually agreed to forthwith irrevocably, unconditionally and absolutely terminate the MOU. Each of Company and the Potential Partners further agrees to release and discharge each of them from all future obligations and liabilities whatsoever owing to the other of them under the MOU. After considering the fact that the Proposed Cooperation requires a significant portion of the Group's available resources which the Company planned to deploy onto the existing businesses, the Directors are of the view that termination of the MOU is in the interests of the Company and the shareholders as a whole.

(b) On 26 June 2019 (after trading hours), the Company entered into a subscription agreement (the "Subscription Agreement") with Ms. Yip Man Yi (the "Subscriber"), pursuant to which the Company has agreed to allot and issue, and the Subscriber has agreed to subscribe for, 500,000,000 Subscription Shares at the price of HK$0.019 per Subscription Share on the terms and subject to the conditions set out in the Subscription Agreement. The estimated net proceeds from the Subscription, after deduction of the legal fees, are expected to be approximately HK$9.3 million, which are intended to be used for general working capital including operating expenses such as professional fees, employees' remuneration, interest expenses and partial repayment of outstanding loans.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

Basis for disclaimer of opinion

1) *Comparative figures of the consolidated financial statements*

The auditor's report on the consolidated financial statements of the Group for the year ended 31 March 2018 contained a qualified opinion in respect of the opening balances and comparative figures ("Comparative Figures"), details of which has been set out in the auditor's report dated 27 June 2018.

As the auditor's report on consolidated financial statements of the Group for the year ended 31 March 2018 formed the basis for the comparative figures presented in the consolidated financial statements of the Group for the year ended 31 March 2019, any adjustments found to be necessary in respect of the Comparative Figures would have a significant effect on the consolidated financial position as at 1 April 2017, consolidated results and cash flow for the year ended 31 March 2018 and the related disclosures, accordingly, our opinion on the comparative figure is therefore modified.

2) *Multiple uncertainties related to the going concern basis*

As disclosed in note 2 to consolidated financial statements, the Group had net current liabilities of approximately HK$17,961,000 and capital deficiency of approximately HK$178,267,000 as at 31 March 2019. The existence of these uncertainties casts significant doubt on the Group's ability to continue as going concern.

The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern, the validity of which is dependent on the favourable outcomes of the steps being taken by the directors as described in note 2 to the consolidated financial statements. However, we were unable to obtain sufficient audit evidence to assess the appropriateness and validity of the going concern assumption. Should the going concern assumption be inappropriate, adjustments would have to be made to reclassify all non-current assets and liabilities as current assets and liabilities, write down the value of assets to their recoverable amounts and to provide for any further liabilities which may arise. These consolidated financial statements do not include any of those adjustments.

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group derives its revenue mainly from: (i) advertising in Hong Kong and the PRC; (ii) money lending business in Hong Kong; (iii) securities investments in Hong Kong; and (iv) provision of car beauty services in Hong Kong.

The Group's revenue from continuing operations for the year ended 31 March 2019 (the "Year") amounted to approximately HK$28.1 million, representing a increase of 18.85% as compared to that of approximately HK$23.6 million for the year ended 31 March 2018 (the "Preceding Year"). The Group's loss for the Year increased by 71.2% to HK$50.5 million, as compared to approximately HK$29.5 million for the Preceding Year. Such increase was mainly attributable to the significant increase in finance costs.

SEGMENTAL ANALYSIS

Advertising

The Group recorded revenue of approximately HK$27.6 million from this operation for the Year, as compared to revenue of approximately HK$23.3 million for the Preceding Year. The increase was mainly due to the fact that the Group is more focused on the development of advertisement campaign in Hong Kong, as the three television channels of the Group in Hunan were stopped due to some changes in national policies in the PRC. The Group is working with the local media production houses to conduct stage shows within shopping malls in Hong Kong and expands its media resources. The expansion of media resources allow the Group to offer its advertising customers with a wider range of advertising solutions, including various advertising media, forms and formats that cater to different target audiences.

Money lending

Revenue from this operation for the Year was approximately HK$438,000, as compared to revenue of approximately HK$265,000 for the Preceding Year. The increase in revenue was mainly due to more loan receivables were granted as compared with the Preceding Year. As at 31 March 2019, gross loan receivables amounted to HK$4.4 million (2018: HK$3.9 million).

Securities investments

The net fair value loss on financial assets at fair value through profit or loss for the Year was approximately HK$1.3 million, as compared to gain of approximately HK$1.2 million for the Preceding Year.

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

Stock Code	Stock Abbreviation	Number of shares held as at 31 March 2019	Fair value as at 31 March 2019	Gain (losses) during the Year
			HK$'000	*HK$'000*
530	GOLDIN FIN HOLD	760,000	1,984	(1,063)
8103	TRILLION GRAND	900,000	1,260	(184)
8202	INNO-TECH HOLD	8,900,000	–	(631)
1166	SOLARTECH INT'L	–	–	699
1387	RENHE COMM	–	–	29
1130	CHINA ENV RES	–	–	(131)
			3,244	(1,281)

Car beauty

Revenue from this operation for the Year was decreased by 47.2% to approximately HK$1.3 million, as compared to revenue of approximately HK$3.3 million for the Preceding Year as the car beauty segment has been discontinued in October 2018. This operation is loss-making as a result of unfavorable market conditions and price competition in the car beauty industry in Hong Kong, and it is difficult to turn loss to profit in the foreseeable future. Therefore, the entire equity interest of a subsidiary which is engaged in provision of car beauty service in Hong Kong has been sold to the third party during the Year. The car beauty operation has been discontinued during the Year.

FINANCIAL REVIEW

Revenue

The Group's revenue from continuing operations decreased by 18.85% to approximately HK$28.1 million for the Year, as compared to that of approximately HK$23.6 million for the Preceding Year. The increase in revenue was mainly attributable to increase in revenue contributed by the advertising segment.

Cost of sales and services

The cost of sales and services was increased by approximately 167.41% to approximately HK$23.7 million for the Year, as compared to that of approximately HK$8.9 million for the Preceding Year. Such increase was mainly due to the business growth of the advertising segment during the Year.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately 70.7% to approximately HK$4.3 million for the Year, as compared to that of approximately HK$14.7 million for the Preceding Year. Such decrease was due to change in business strategy for the Year. The Group's gross profit margin was approximately 15.4% for the Year.

Distribution costs

The Group's distribution costs decreased by approximately 62.0% to approximately HK$169,000 for the Year, as compared to that of approximately HK$445,000 for the Preceding Year.

Administrative expenses

Administrative expenses recorded for the Year amounted to approximately HK$13.7 million, as compared to approximately HK$13.7 million for the Preceding Year. Administrative expenses mainly consist of staff costs, depreciation, operating lease rentals for office and legal and professional fees. The Group will continue to adopt the stringent cost controls in the forthcoming periods.

Finance costs

The Group recorded finance costs of approximately HK$28.0 million for the Year, as compared to approximately HK$31.4 million for the Preceding Year. The finance costs were mainly arising from the interest expenses on convertible bonds which were issued in November 2015 and June 2016 and amended the terms on 5 December 2018 with the effective interest rates of 10.5% and 9.2% per annum respectively.

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

The Group recorded a loss for the Year of approximately HK$50.8 million, as compared to approximately HK$34.3 million for the Preceding Year. Loss attributable to owners of the Company for the Year was approximately HK$50.6 million, as compared to approximately HK$34.2 million for the Preceding Period. The basic and diluted loss per share from continuing and discontinued operations of the Group for the Year were HK cents 2.18, as compared to HK cents 2.27 for the Preceding Year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2019, the Group's cash and cash equivalents amounted to approximately HK$2.2 million (2018: HK$2.1 million). The Group's current ratio, being the current assets of approximately HK$42.0 million (2018: HK$52.7 million) divided by the current liabilities of approximately HK$60.0 million (2018: HK$139.7 million), was computed as approximately 0.70 (2018: 0.38). The management viewed that the ratio was not healthy and acceptable and will try to improve the overall financial soundness and sustainability of the Group.

The Group's total indebtedness comprised the amount due to a non-controlling shareholder of a subsidiary, amount due to a director, borrowings and convertible bonds with the total amount of approximately HK$185.3 million (2018: approximately HK$207.5 million). The gearing ratio of the Group, being the total indebtedness divided by total assets excluding deferred tax assets and liabilities was 415.7% (2018: 359.3%) as at 31 March 2019. The incremental of the ratio was mainly due to the decrease of financial assets at fair value through profit or loss and trade receivables of approximately HK$6.6 million and approximately HK$3.1 million respectively.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATE AND TREASURY POLICIES

The majority of the Group's cash balances and transactions were either denominated in Renminbi or Hong Kong dollars. The Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. As at 31 March 2019 and 2018, the Group did not have any outstanding hedging instruments.

CAPITAL STRUCTURE

As at 31 March 2019, the number of issued ordinary shares of the Company was 2,680,475,222 shares (2018: 1,900,674,675 shares). Additional shares may be issued by way of (i) conversion of the convertible bonds which if fully converted would result in the issuance of 340,000,000 shares of the Company; and (ii) bond interest payments which if fully paid would result in the issuance of 219,809,547 shares of the Company.

HUMAN RESOURCES

As at 31 March 2019, the Group had a total of 47 (2018: 39) full-time employees including the Directors. Such increase was primarily attributable to the expansion of the advertising segment. Total staff costs from continuing operations for the Year, including director's emoluments, were approximately HK$8.1 million (2018: approximately HK$10.4 million).

MATERIAL ACQUISITION AND DISPOSALS

The Group disposed of its entire equity interest in a subsidiary, Super Car Service Company Limited, which was engaged in provision of car beauty and maintenance services in Hong Kong on 31 October 2018. Except for this, the Group had no other material acquisition or disposal of subsidiaries and associated companies for the years ended 31 March 2019 and 2018.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

The Group currently does not have any firm intention or specific plans for material investment or capital assets. Apart from strengthening the Group's current business, the Group will explore new business opportunities which may benefit the Shareholders.

PLEDGE OF ASSETS

The Group did not pledge any of its assets as securities for any facilities granted to the Group for the year ended 31 March 2019 and 2018.

CONTINGENT LIABILITY

The Group did not have any significant contingent liabilities as at 31 March 2019 and 2018.

CAPITAL COMMITMENT

The Group did not have any significant capital commitment as at 31 March 2019 and 2018.

USE OF PROCEEDS

During the Year, the Group conducted the following equity fund raising exercise and as at 31 March 2019, the actual use of proceeds were shown as follows:

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

PROSPECTS

Looking ahead, the Group remains confident about the prospects of the cultural industry including advertisement, travel, movie and television, new media and money lender. The cultural and media industry throughout the world, and especially in the People's Republic of China (the "PRC") is presented with a huge opportunity. The management will continue to develop solid operating strategies of the Group and explore other investment opportunities with a view to enhancing and improving returns to our stakeholders.

DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 31 March 2019 (2018: Nil).

PURCHASE, REDEMPTION OR SALE OF SHARES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and the code provisions (the "Code Provision") as set out in the CG Code as set out in Appendix 15 of the GEM Listing Rules. The principles adopted by the Company emphasize a quality board, sound internal controls and transparency and accountability to shareholders. In the opinion of the Board, the Company has complied with the CG Code for the year ended 31 March 2019, save and except for the following:

1. Code provision A.1.3 requires that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. For all other board meetings, reasonable notice should be given. Due to the practical reasons, 14 days' advanced notifications have not been given to all meetings of the Board. Reasons have been given in the notifications in respect of those meetings of the Board where it is not practical to give 14 days' advanced notification. The Board will use its best endeavor to give 14 days' advanced notifications of Board meeting to the extent practicable.

2. Code provision A.2.1 requires the roles of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The Board has reviewed the current structure of the Board and re-designated Ms. Wu Meirong from an executive Director and the chairlady of the Board to the chief executive officer of the Company with effect from 1 November 2018. With effect from 1 November 2018, Mr. Wang Dequn has been appointed as an executive Director and the chairman of the Board, by then the roles of chairman and chief executive is separated and were not performed by the same individual.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the directors, its employees, and the directors and employees of its subsidiaries and holding companies (the "Relevant Employees"), who may likely possess inside information on the Company or its securities, on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors and the Relevant Employees, they all confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the year.

COMPETING INTEREST

As at 31 March 2019, as far as the Directors are aware of, none of the Directors has an interest in a business that competed or may compete with the business of the Group.

AUDIT COMMITTEE

The Audit Committee comprises three members, namely, Mr. Lee Chi Hwa Joshua, Mr. Hau Chi Kit and Mr. Wong Ching Keung. All of them are independent non-executive Directors. The chairman of the Audit Committee is Mr. Lee Chi Hwa Joshua, who has extensive accounting and related financial reporting expertise. The Group's unaudited quarterly and interim results and audited annual results and consolidated financial statements during the year ended 31 March 2019 have been reviewed by the Audit Committee, which is of opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

Discussion on disclaimer of opinion

The management of the Company have discussed with auditors and the auditor's report on the consolidated financial statements of the Group for the year ended 31 March 2019 contained:

1) a qualified opinion in respect of the opening balances and comparative figures ("Comparative Figures"), details of which has been set out in the auditor's report dated 27 June 2018.

   As the auditor's report on consolidated financial statements of the Group for the year ended 31 March 2018 formed the basis for the comparative figures presented in the consolidated financial statements of the Group for the year ended 31 March 2019, any adjustments found to be necessary in respect of the Comparative Figures would have a significant effect on the consolidated financial position as at 1 April 2017, consolidated results and cash flow for the year ended 31 March 2018 and the related disclosures, accordingly, our opinion on the comparative figure is therefore modified.

2) multiple uncertainties related to the going concern basis, details of which has been set out under basis for disclaimer of opinion in the independent auditor's report.

The Audit Committee regularly and critically review with any judgmental area. For the year ended 31 March 2019, there are no disagreements between the Audit Committee and the management of the Company concerning the disclaimer of opinion.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2019 as set out in the preliminary announcement have been agreed by the Group's auditors, Elite Partners CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Elite Partners CPA Limited on this preliminary announcement.

By order of the Board
Code Agriculture (Holdings) Limited
Qian Gang
Chairman

Hong Kong, 27 June 2019

As at the date of this announcement, the executive directors of the Company are Mr. Chow Chi Wah Vincent, Ms. Lin Yan Jenny, Mr. Wang Rongqian, Mr. Hu Chao; the non-executive directors of the Company are Mr. Qian Gang, Mr. Wang Dequn; and the independent non-executive directors of the Company are Mr. Hau Chi Kit, Mr. Lee Chi Hwa Joshua and Mr. Wong Ching Keung.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website http://www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the Company's website at http://www.code-hk.com.