



CODE AGRICULTURE (HOLDINGS) LIMITED

科地農業控股有限公司

(Incorporated in Bermuda with limited liability) (於百慕達註冊成立之有限公司)

Stock Code 股份代號 : 8153



2019

INTERIM REPORT



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This report, for which the directors (the “Director(s)”) of Code Agriculture (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief, the information contained in this 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.

INTERIM RESULTS (UNAUDITED)

The board of Directors (the "Board") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2019 (the "Period"), together with the unaudited comparative figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the six months ended 30 September 2019

	Notes	Three months ended 30 September		Six months ended 30 September	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	5	5,128	4,621	10,252	9,426
Cost of sales		(4,000)	(3,087)	(8,000)	(5,361)
Gross profit		1,128	1,534	2,252	4,065
Other income	6	8	15	8	49
Distribution expenses		-	(40)	-	(115)
Administrative expenses		(5,651)	(3,019)	(9,300)	(6,613)
Other loss	7	(2)	-	(2)	-
Net fair value (loss) gain on financial assets at fair value through profit or loss		(379)	(2,701)	(888)	442
Provision for allowance for expected credit loss on trade receivables		-	-	-	-
Finance costs	8	(7,327)	10,469	(10,180)	(18,920)
Loss before income tax	9	(12,223)	(14,680)	(18,110)	(21,092)
Income tax credit	10	-	27	-	32
Loss for the period attributable to non-controlling interests		(12,223)	(14,653)	(18,110)	(21,060)
Loss per share attributable to shareholders of the Company	12	0.33	(0.86)	0.53	(1.09)
Basic and diluted (in HK cents)					

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Loss for the period	(12,223)	(14,653)	(18,110)	(21,060)
Other comprehensive income				
Item that may be reclassified to profit or loss in subsequent periods:				
Exchange differences arising on translating foreign operations	838	(9)	838	621
Other comprehensive (loss)/income for the year attributable to the owners of the Company	(11,385)	(14,662)	(17,272)	20,439
Total comprehensive expenses attributable to:				
Owners of the Company	(11,385)	(14,662)	(17,272)	(20,492)
Non-controlling interests	-	-	-	53
	(11,385)	(14,662)	(17,272)	(20,439)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 September 2019

	Notes	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	2,102	2,220
Right-of-use assets	13	220	–
Other intangible assets		97	104
		2,419	2,324
Current assets			
Loan receivables	14	4,668	4,416
Trade receivables	15	39,339	25,440
Prepayments, deposits and other receivables		6,869	6,738
Financial assets at fair value through profit or loss	16	522	3,160
Cash and cash equivalents		306	2,220
		51,704	41,974
Current liabilities			
Trade payables	17	30,853	18,890
Accruals and other payables		21,216	16,163
Amount due to a non-controlling shareholder of a subsidiary		662	709
Amounts due to related parties		1,120	1,120
Borrowings		27,304	20,818
Tax payable		2,235	2,235
Lease liabilities		213	–
		83,603	59,935

	Notes	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Net current liabilities		(31,899)	(17,961)
Non-Current liabilities			
Convertible bonds	18	112,774	162,630
		112,774	162,630
Net liabilities		(142,254)	(178,267)
EQUITY			
Share capital	19	1,498	1,072
Reserves		(136,241)	(171,725)
Equity attributable to owners of the Company		(134,743)	(170,653)
Non-controlling interests		(7,511)	(7,614)
Total equity		(142,254)	(178,267)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 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 2018 (audited)	760	132,194	42,505	-	(197)	(874)	(338,132)	(163,744)	(7,722)	(171,466)
Impact of initial application of HKFRS9	-	-	-	-	-	-	(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 period	-	-	-	-	-	-	(20,922)	(20,922)	(138)	(21,060)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
- Exchange differences on translation of foreign operations	-	-	-	-	-	430	-	430	191	621
Total comprehensive expense for the period	-	-	-	-	-	430	(20,922)	(20,492)	53	(20,439)
Share issued in respect of equity settlement of a loan (note (b))	60	14,940	-	-	-	-	-	15,000	-	15,000
Shares issued in respect of bond interest payments (note (c))	136	19,585	(4,281)	-	-	-	-	15,440	-	15,440
Shares issued in respect of bond interest payments (note (d))	50	5,950	-	-	-	-	-	6,000	-	6,000
At 30 September 2018 (unaudited)	760	172,669	38,224	6,000	(197)	(444)	(359,054)	(147,796)	(7,669)	(155,465)
At 1 April 2019 (audited)	1,072	184,403	77,638	-	(197)	(341)	(433,228)	(170,653)	(7,614)	(178,267)
Loss for the period	-	-	-	-	-	-	(18,110)	(18,110)	-	(18,110)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
- Exchange differences on translation of foreign operations	-	-	-	-	-	735	-	735	103	838
Total comprehensive loss for the period	-	-	-	-	-	735	(18,110)	(17,375)	103	(17,272)
Conversion of convertible bonds	408	50,592	-	-	-	-	-	51,000	-	51,000
Shares issued in respect of bond interest payments (note (e))	18	4,551	(2,284)	-	-	-	-	2,285	-	2,285
At 30 September 2019 (unaudited)	1,498	239,546	75,354	-	(197)	394	(451,338)	(134,743)	(7,511)	(142,254)



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) During the Period, no bondholders of the 6% convertible bonds in the aggregate principal amount of HK\$130,000,000 due on 5 November 2018 and the 6% convertible bonds in the aggregate principal amount of HK\$120,000,000 due on 28 June 2019 (the "CB 2019") have requested to convert or to pay any interest payable by way of the Company's shares.
- (c) During the Period, no bondholders of the 6% convertible bonds in the aggregate principal amount of HK\$130,000,000 due on 5 November 2018 (the "CB 2018") have converted the CB 2018 into Shares. During the Period, the bondholder of the 6% convertible bonds in the aggregate principal amount of HK\$120,000,000 due on 28 June 2019 (the "CB 2019") has converted the CB 2019 with the aggregate principal amount of HK\$17,000,000 at conversion price of HK\$0.05 per share into 340,000,000 Shares.
- (d) During the Period, the bondholders of CB 2018 and CB 2019 have requested to pay any interest payable by way of Shares. The interests of approximately HK\$6,190,000 have been paid by way of the Shares and therefore approximately 123,801,000 Shares were issued at conversion price of HK\$0.05 per share.
- (e) During the Period, the bondholders of CB 2018 and CB 2019 have requested to pay any interest payable by way of Shares. The interests of approximately HK\$2,284,877 have been paid by way of the Shares and therefore approximately 45,697,530 Shares were issued at conversion price of HK\$0.05 per share.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 September 2019

	Notes	Six months ended 30 September	
		2019 HK\$'000	2018 HK\$'000
Net cash (used in)/generated from operating activities		(7,824)	5,498
Net cash generated from investing activities		1,515	1,815
Net cash generated from/(used in) financing activities		3,850	(9,000)
Net decrease in cash and cash equivalents		(2,459)	(1,687)
Cash and cash equivalents at beginning of the year		2,220	2,063
Effect of foreign exchange rate changes		545	364
Cash and cash equivalents at end of the year		306	740



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is Room 2007, 20th Floor, C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong.

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

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousands ("HK\$'000") except when otherwise indicated. These interim financial statements were approved for issuance by the Board of Directors on 14 November 2019.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2019 (the "Period") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2019, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS").

These unaudited condensed consolidated interim financial statements have not been audited, but has been reviewed by the Company's audit committee.



The HKICPA has issued a number of new and revised standards, amendments to standards and Int (collectively referred to as “new and revised HKFRSs”). The Group has adopted the new and revised HKFRSs which are relevant to the Group’s operations and are mandatory for the financial year beginning on 1 January 2019. The adoption of these new and revised HKFRSs does not have any significant financial effect on the Group’s unaudited results of operations and financial position, except for the adoption of HKFRS 16 Lease. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use assets for these leases. The interest expense on the lease liability and depreciation on the right-of-use assets will be recognised in profit or loss. The Group’s assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

Going Concern

The Group recorded both unaudited net current liabilities and net liabilities as at 30 September 2019. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern.

As stated in the 2019 Annual Report, 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 the audited consolidated financial statements for the year ended 31 March 2019 by the Directors;
- (b) possible fund-raising activities including, but not limited to 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 on growing and recurring source of income.

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

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

3. ESTIMATES

The preparation of unaudited condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2019.

Amounts recognised in the unaudited condensed consolidated financial statements

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Carrying amount previously reported at 31 March 2019 HK\$'000	Impact on adoption of HKFRS 16 HK\$'000	Carrying amount as restated at 1 April 2019 HK\$'000
Property and equipment (including right-of-use asset)	2,220	832	3,052
Lease liability	–	832	832

Note: As at 1 April 2019, right-of-use assets were measured at an amount equal to the lease liability of approximately HK\$920,000.

Differences between operating lease commitment as at 31 March 2019, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liabilities recognised as at 1 April 2019 are as follow:

	HK\$'000
Operating lease commitments as at 31 March 2019	1,006
Discounting effect using the incremental borrowing rate as at 1 April 2019	(174)
Lease liabilities recognised as at 1 April 2019	832



4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three 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. 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 Results (unaudited)

For the six months ended 30 September 2019

	Digital television HK\$'000	Money lending HK\$'000	Securities investments HK\$'000	Total HK\$'000
Segment revenue				
Revenue from external customers	10,000	252	–	10,252
<hr/>				
Segment results	2,000	252	–	2,252
<hr/>				
<i>Reconciliation:</i>				
Bank interest income				–
Unallocated gains				8
Finance costs				(10,180)
Corporate and other unallocated expenses				(10,190)
Loss before income tax				(18,110)

For the six months ended 30 September 2018

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

Segment Assets and Liabilities

At 30 September 2019 (unaudited)

	Digital television HK\$'000	Money lending HK\$'000	Securities investments HK\$'000	Total HK\$'000
Segment assets	41,457	4,678	564	46,699
<i>Reconciliation:</i>				
Corporate and other unallocated assets				7,424
Total assets				54,123
Segment liabilities	37,010	8	3,063	40,081
<i>Reconciliation:</i>				
Convertible bonds				112,774
Corporate and other unallocated liabilities				43,522
Total liabilities				196,377

At 31 March 2019

	Digital television HK\$'000	Money lending HK\$'000	Securities investments HK\$'000	Total HK\$'000
Segment assets	27,700	4,427	5,282	37,409
<i>Reconciliation:</i>				
Corporate and other unallocated assets				6,889
Total assets				44,298
Segment liabilities	25,324	8	2,883	28,215
<i>Reconciliation:</i>				
Convertible bond				162,630
Corporate and other unallocated liabilities				31,719
Total liabilities				222,564

Geographical information

The following is an analysis of geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided,

	Revenue from external customers (unaudited)		Non-current assets	
	Six months ended 30 September		(Unaudited) As at 30 September	(Audited) As at 31 March
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2019 HK\$'000
Hong Kong	10,252	9,183	2,419	2,324
The PRC	-	243	-	-
	10,252	9,426	2,419	2,324

5. REVENUE (UNAUDITED)

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Advertising service income	5,000	3,991	10,000	8,095
Car beauty service income	-	506	-	1,084
Money lending income	128	124	252	247
	5,128	4,621	10,252	9,426

6. OTHER INCOME (UNAUDITED)

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Bank interest income	-	-	-	1
Sundry income	8	-	8	-
Interest income from amount due from a related company	-	15	-	48
	8	15	8	49

7. OTHER LOSSES (UNAUDITED)

	2019 HK\$'000	2018 HK\$'000
Loss on termination of right-of-use assets	2	-
	2	-

8. FINANCE COSTS – NET (UNAUDITED)

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Interest on bank overdraft	-	12	-	12
Interest on other loans wholly repayable within five years	1,834	2,238	2,402	3,024
Interest on convertible bonds	5,453	7,619	7,738	15,284
Interest expense on lease liabilities	40	-	40	-
Loss on equity-settled loan arrangement	-	600	-	600
	7,327	10,469	10,180	18,920

9. LOSS BEFORE INCOME TAX (UNAUDITED)

Loss before income tax is arrived at after charging:

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
(a) Employee benefit expense (including directors' remuneration				
Salaries, wages and other benefits	1,391	2,106	2,564	4,434
Retirement benefit scheme contributions	48	54	97	104
	1,439	2,160	2,661	4,538
(b) Other items				
Amortisation of other intangible assets	-	24	-	49
Depreciation of items of property, plant and equipment	127	89	174	260
Depreciation of right-of-use assets	386	-	386	-
Loss on disposal of items of property, plant and equipment	-	-	-	324
Loss on termination of right-of-use assets	2	-	2	-
Write-off of items of property, plant and equipment	-	-	-	41
Write-down of inventories	-	-	-	2
Minimum lease payments under operating leases in respect of land and buildings	-	463	14	1,073
Minimum lease payments under operating leases in respect of office equipment	-	17	-	34
Cost of inventories sold	-	26	-	81

10. INCOME TAX EXPENSE (UNAUDITED)

Notes	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Current tax – Hong Kong Profits Tax				
– Provision for the year	-	-	-	-
– Over provision in respect of prior year	-	(20)	-	(20)
Deferred tax	-	(7)	-	(12)
	-	(27)	-	(32)

Hong Kong Profits Tax was calculated at the rate of 16.5% based on the HK Group Companies' estimated assessable profits arising in Hong Kong subsidiaries for the Preceding Period. The two-tiered profits tax regime (i.e. the first HK\$2.0 million of assessable profits will be taxed at 8.25%, and assessable profits above HK\$2.0 million will be taxed at 16.5%) is applicable to our HK Group Companies for the assessment year commencing on or after 1 April 2018.

The provision for PRC Corporate 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.

11. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2019 (2018: Nil).

12. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the following data:

Notes	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Loss attributable to shareholders of the Company	(12,223)	(14,590)	(18,110)	(20,922)
Weighted average number of ordinary shares in issue during the period	3,733,129	1,892,726	3,399,617	1,999,445

No adjustment has been made to the basic earnings per share amounts presented for the period in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the period.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2019, the Group acquired certain items of property, plant and equipment in an aggregate cost of approximately HK\$188,000 (six months ended 30 September 2018: HK\$334,000).

During the period, the additions of right-of-use assets of the Group amounted to HK\$832,000.

14. LOAN RECEIVABLES

Notes	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
Fixed-rate loan receivables	4,685	4,433
Loss: Accumulated allowance	(17)	(17)
Carrying amount	4,668	4,416

The Group's loans and interest receivables mainly arise from the money lending business in Hong Kong, which are denominated in Hong Kong dollars.

The loan and interest receivables that were neither past due nor impaired as at 31 March 2019 and 31 March 2018 relate to a number of borrowers for whom there was no recent history of default.

15. TRADE AND BILLS RECEIVABLES

	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
Trade receivables	39,440	25,440

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period granted is based on the historical trading and payment records of each customer, generally not more than four months. Extended credit terms may be granted for some major long-term customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Ageing analysis of the Group's trade receivables, based on the invoice dates, that are not impaired as at each reporting date is as follows:

	Notes	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
1–30 days		–	1,234
31–90 days		14,000	4,986
91–180 days		11,649	1,425
Over 180 days		6,310	17,795
		39,339	25,440

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Unaudited)
Equity securities listed in Hong Kong	522	3,160

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

	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
Beginning of the period	3,160	9,717
Additions	–	6,002
Net fair value gain recognised in profit or loss	(888)	(1,281)
Disposals	(1,750)	11,278
End of the period	522	3,160

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

	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
Realised gain	–	346
Realised loss	(150)	–
Unrealised loss	(738)	(1,627)
	(888)	(1,281)

The fair value of all equity securities is based on their current bid prices in an active market and the fair values are within level 1 of the fair value hierarchy (note 21).

17. TRADE PAYABLES

Ageing analysis of trade payables, based on invoice dates, as at the end of reporting period is shown as follow:

	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
1-30 days	–	9,950
31-90 days	12,000	4,800
91-180 days	9,950	2,044
Over 180 days	8,903	2,096
	30,853	18,890

18. CONVERTIBLE BONDS

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

	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
Beginning of the period	162,630	165,962
Effective interest expense for the period	1,144	24,778
Fair value change of liabilities extinguishment	–	(1,709)
Conversion during the period	(51,000)	(15,440)
Shares issued in respect of bond interest payments	–	(10,880)
Direct cost	–	(161)
End of the period	(112,774)	162,630
Current-portion	–	–
Non-current portion	(112,774)	162,630
	(112,774)	162,630

19. SHARE CAPITAL

	Number of ordinary shares of HK\$0.0004 each	Nominal value HK\$'000
Authorised		
At 31 March 2019, 1 April 2019, 30 September 2019	250,000,000,000	100,000
Issued and fully paid		
At 31 March 2019 and 1 April 2019 (audited)	2,680,475,222	1,072
Shares issued in respect of settlement of loan	-	-
Conversion of convertible bonds	1,020,000,000	408
Shares issued in respect of bond interest payments	45,697,530	18
As at September 2019 (unaudited)	3,746,172,752	1,498

20. RELATED PARTY DISCLOSURES

The Group had the following transactions with related parties during the Period:

(a) Balances with related parties

Notes	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Balances at the end of the period/year		
Advances from related companies	(i), (ii) 7	8

21. FAIR VALUE MEASUREMENTS

Apart from the financial assets at fair value through profit or loss in note 16 to the Interim Financial Statements, the Directors consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated statement of financial position approximate their respective fair values at the end of the reporting period.

The following table presents financial assets measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets. The fair value hierarchy has the following levels:

- Level 1: based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly; and
- Level 3: based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial assets	Fair value as at	Fair value hierarchy	Valuation technique and key inputs
	30 September 2019 HK\$'000	31 March 2019 HK\$'000	
Financial assets at fair value through profit or loss	522	3,244	Level 1 Quoted share prices in an active market

22. EVENTS AFTER THE REPORTING PERIOD

- (a) On 29 August 2018, the Company entered into the subscription agreement with Royston Securities Limited (“Placing agent”), pursuant to which the Company has agreed to allot and issue 500,000,000 subscription shares at the subscription price of HK\$0.019 per subscription shares. Due to the current social and business environment, the financial position of the Company and the fact that the Placing Shares were not fully placed. 452,000,000 ordinary shares of the Company were issued on 11 October 2019.
- (b) On 22 October 2019, the Company entered into a Subscription Agreements, pursuant to which the Company agreed to issue and the Subscribers, who are Independent Third Party, agreed to subscribe for the 6% coupon unlisted bonds to be issued by the Company in an aggregate principal amount of HK\$5,000,000 of the Bond.
- (c) On 23 October 2019, the Company entered into a non-legally binding memorandum of understanding with Shenzhen Fa Nuo Xin Neng Yuan Qi Che Holdings Co., Ltd. to cooperate in vehicle production and processing, and operation of vehicle business.

23. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 14 November 2019.



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

The Group's revenue for the Period amounted to approximately HK\$10.3 million, representing an increase of 9.6% as compared to that of approximately HK\$9.4 million for the six months ended 30 September 2018 (the "Preceding Period"), resulting in the Group's loss for the Period of approximately HK\$18.1 million, as compared to approximately HK\$21.1 million for the Preceding Period.

Digital television operation

The Group recorded revenue of approximately HK\$10 million from this operation for the Period, as compared to revenue of approximately HK\$8.1 million for the Preceding Period. The management will focus on the development of movie making in Hong Kong in the near future.

Money lending operation

Revenue from this operation for the Period was approximately HK\$252,000, as compared to revenue of approximately HK\$247,000 for the Preceding Period. The increase in revenue was mainly due to more loan receivables granted as compared with the Preceding Period. As at 30 September 2019, gross loan receivables amounted to HK\$4.7 million (as at 30 September 2018: HK\$4.2 million).

Securities investments operation

The net fair value gain on financial assets at fair value through profit or loss for the Period was approximately HK\$(888,000) as compare to gain of approximately HK\$422,000 for the Preceding Period.

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

Stock Code	Stock Abbreviation	Number of shares held as at 30 September 2019	Fair value as at 30 September 2019 HK\$'000	Gain (losses) during the Period HK\$'000
530	GOLDIN FIN HOLD	–	–	(150)
8103	TRILLION GRAND	900,000	522	(738)
			<hr/>	
			522	(888)



Financial Review

Revenue

For the Period, revenue of the Group amounted to approximately HK\$10.3 million, representing an increase of approximately 9.6% from approximately HK\$9.4 million for the Preceding Period. The increase in revenue was mainly attributable to increase in revenue contributed by the digital television operation.

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

The cost of sales and services amounted approximately HK\$8 million for the Period from approximately HK\$5.4 million for the Preceding Period. The Group's gross profit decreased to approximately HK\$2.3 million for the Period from approximately HK\$4.1 million for the Preceding Period, representing a decrease of approximately 43.9%. The Group's gross profit margin was approximately 22.3% for the Period.

Administrative expenses

Administrative expenses for the Period increased by 40.9% to approximately HK\$9.3 million, as compared to approximately HK\$6.6 million for the Preceding Period. Administrative expenses mainly consist of staff costs, depreciation, operating lease rentals for office, legal and professional fees and others. The Group will continue to adopt the stringent cost controls in the forthcoming periods.

Finance costs

The Group recorded finance costs of approximately HK\$10.2 million for the Period, as compared to approximately HK\$18.9 million for the Preceding Period. The finance costs were mainly arising from the interest expenses on convertible bonds which were issued in November 2015 and June 2016 with the effective interest rates of 18.5% and 21.1% per annum respectively.

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

The Group recorded a loss for the Period of approximately HK\$18.1 million, as compared to approximately HK\$21.1 million for the Preceding Period. Loss attributable to owners of the Company for the Period was approximately HK\$18.1 million, as compared to approximately HK\$20.9 million for the Preceding Period. The basic and diluted loss per share of the Group for the Period were HK cents 0.53, as compared to HK cents 1.09 for the Preceding Period.

CAPITAL STRUCTURE

As at 30 September 2019, the number of issued ordinary shares of the Company was 3,746,172,752 shares (31 March 2019: 2,680,475,222 shares). Additional shares may be issued by way of (i) conversion of the convertible bonds which if fully converted; and (ii) bond interest payments.

FUND RAISING ACTIVITIES

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

Date of announcement	Fund raising activities	Net proceeds raised (approximately)	Proposed use of net proceeds	Actual use of net proceeds
August 29, 2019	Subscription of 500,000,000 new Shares under general mandate (452,000,000 Placing Shares were placed)	HK\$8.3 million (completed on 11 October 2019)	(i) Approximately HK\$7.5 million to repay the loan owed by the Company; and (ii) approximately HK\$2 million to increase the working capital of the Company	Up to the date of this report, (i) approximately HK\$5.5 million was used for repayment of the loan owed by the Company; and (ii) approximately HK\$1.8 million for working capital of the Company

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2019, the Group's cash and cash equivalents were approximately HK\$306,000 (31 March 2019: approximately HK\$2.2 million). The Group's current ratio, being the current assets of approximately HK\$51.7 million (31 March 2019: approximately HK\$42.0 million) divided by the current liabilities of approximately HK\$83.6 million (31 March 2019: approximately HK\$59.9 million), was computed as approximately 0.6 (31 March 2019: approximately 0.70). The management improved the overall financial soundness and sustainability of the Group.

The Group's total indebtedness comprised the amount due to a non-controlling shareholder of a subsidiary, borrowings and convertible bonds with the total amount of approximately HK\$140.7 million (31 March 2019: approximately HK\$184.2 million). The gearing ratio of the Group, being the total indebtedness divided by total assets excluding deferred tax assets and liabilities was approximately 259.6% as at 30 September 2019 (31 March 2019: approximately 415.7%).



EXPOSURE TO FLUCTUATION IN EXCHANGE RATE AND TREASURY POLICIES

The majority of the Group's cash balances and transactions were either denominated in Renminbi or Hong Kong dollars. The Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. As at 30 September 2019 and 2018, the Group did not have any outstanding hedging instruments.

PROSPECTS

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

CONTINGENT LIABILITY

No material contingent liability of the Group was noted at 30 September 2019.

HUMAN RESOURCES

Total staff costs for the Period, including director's emoluments were approximately HK\$1.4 million (six months ended 30 September 2018: approximately HK\$4.5 million).

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

As at 30 September 2019, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")), as recorded in the register which is required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the SFO or the GEM Listing Rules were as follows:

Long positions in the Shares

Name of Director	Capacity	Number of Shares held	Percentage of issued share capital of the Company
Mr. Wang Dequan	Beneficial owner	220,000,000	5.87%

Save as disclosed above, as at 30 September 2019, none of the Directors or chief executive of the Company had any interests or short positions in the Shares and underlying Shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of GEM Listing Rules relating to securities transactions by Directors.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' and Chief Executives' interests and short positions in Shares and underlying Shares of the Company or any associated corporation" and "Share Option Scheme", at no time during the six months ended 30 September 2019 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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

As at 30 September 2019, so far as was known to the Directors, the following persons (not being Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Long positions in the Shares and underlying Shares

Name of Shareholders	Notes	Capacity and nature of interests	Number of Shares held/ interested	Number of underlying Shares held/ interested (note (d))	Approximate percentage of shareholding
Enerchina Investments Limited	(a)	Interest of corporation controlled	75,000,000	1,620,000,000	45.25%
Uptown WW Capital Group Limited (Cayman)	(a)	Interest of corporation controlled	75,000,000	1,620,000,000	45.25%

Name of Shareholders	Notes	Capacity and nature of interests	Number of Shares held/ interested	Number of underlying Shares held/ interested (note (d))	Approximate percentage of shareholding
Uptown WW Capital Group Limited (BVI)	(a)	Interest of corporation controlled	75,000,000	1,620,000,000	45.25%
Uptown WW Holdings Limited	(a)	Interest of corporation controlled	75,000,000	1,620,000,000	45.25%
Kenson Investment Limited	(a)	Beneficial owner	120,000,000	1,380,100,000	40.04%
Oshidori International Holdings Limited	(a)	Interest of corporation controlled	120,000,000	1,380,100,000	40.04%
Yiu Kwok Ming Tommy 姚國銘		Beneficial owner	80,458,628	420,000,000	13.36%
宋文霞		Beneficial owner	364,200,547	–	9.72%
Wang Dequan 王德群		Beneficial owner	220,000,000	–	5.87%
Artic Blue Corporation	(b)	Beneficial owner	150,000,000	–	4.00%
Asian Capital Partners Group Company Limited	(b)	Interest of corporation controlled	150,000,000	–	4.00%
CITIC Merchant Co., Limited	(b)	Interest of corporation controlled	150,000,000	–	4.00%
Concorde Capital Group Limited	(b), (c)	Interest of corporation controlled	150,000,000	–	4.00%
Huang Bin 黃斌	(c)	Interest of corporation controlled	150,000,000	–	4.00%
Leung Chung Shan 梁松山		Beneficial owner	10,800,000	180,000,000	5.09%



Notes:

- (a) Kenson Investment Limited is directly wholly owned by Uptown WW Holdings Limited which is directly wholly owned by Uptown WW Capital Group Limited (BVI) which is directly wholly owned by Uptown WW Capital Group Limited (Cayman) which is directly wholly owned by Enerchina Investments Limited is directly wholly owned by Oshidori International Holdings Limited. Oshidori International Holdings Limited, Enerchina Investments Limited, Uptown WW Capital Group Limited (Cayman), Uptown WW Capital Group Limited (BVI) and Uptown WW Capital are deemed to be interested in the Shares and underlying Shares held by Kenson Investment Limited.
- (b) Artic Blue Corporation is directly wholly owned by CITIC Merchant Co., Limited which is directly wholly owned by Asian Capital Partners Group Company Limited which is directly wholly owned by Concorde Capital Group Limited. Concorde Capital Group Limited, Asian Capital Partners Group Company Limited and CITIC Merchant Co., Limited are deemed to be interested in the Shares and underlying Shares held by Kenson Investment Limited.
- (c) Mr. Huang Bin is deemed to be interested in Shares and underlying Shares through his interests in Concorde Capital Group Limited.

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

SHARE OPTION SCHEME

A share option scheme has expired.

CORPORATE GOVERNANCE PRACTICES

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Company continued to adopt a code of conduct regarding Director's securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct regarding securities transactions by the Directors for the six months ended 30 September 2019.



DISCLOSURE OF CHANGES IN INFORMATION OF DIRECTOR

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, changes in Directors' information since the date of the Annual Report 2019 are set out below:

Positions held with the Company

1. Mr. Wang Dequn has been re-designated from an executive Director to a non-executive Director and ceased to be the chairman of the Board with effect from 17 April 2019;
2. Mr. Qian Gang has been appointed as a non-executive Director and the chairman of the Board with effect from 22 May 2019;
3. Mr. Chow Chi Wah Vincent has been appointed as an executive director and managing director of the Board with effect from 25 June 2019;
4. Mr. Tsang King Sun has been appointed as an executive director of the Board with effect from 2 July 2019;
5. Ms. Ng Yin Ling and Dr. Antonio Maria Santos have been appointed as the independent non-executive Director of the Board with effect from 9 July 2019;
6. Mr. Hau Chi Kit has resigned as independent non-executive Director with effect from 18 July 2019; and
7. Ms. Lin Yan Jenny an executive Director of the Company, was adjudged bankrupt by the High Court of Hong Kong on 26 June 2019.

COMPETING INTEREST

During the six months ended 30 September 2019, none of the Directors or management shareholders of the Company (as defined in the GEM Listing Rules) had any interests in any business that competed or may compete with the business of the Group.

PURCHASES, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2019.

AUDIT COMMITTEE

The Audit Committee has its terms of reference revised on 8 January 2016. The primary duties of the Audit Committee are to review the Group's annual report and accounts, half-year report and quarterly reports and to provide advice and comments thereon to the Board and to review and to provide the oversight of the financial reporting system, risk management and internal control system of the Group. The Audit Committee consists of four independent non-executive Directors, namely Mr. Lee Chi Hwa Joshua ("Mr. Lee"), Ms. Ng Yin Ling Elaine, Dr. Antonio Maria Santos and Mr. Wong Ching Keung. Mr. Lee is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited interim results for the six months ended 30 September 2019, and was of opinion that the preparation of such report and results complied with applicable accounting standards and the GEM Listing Rules and that adequate disclosure had been made.

By order of the Board
Code Agriculture (Holdings) Limited
Tsang King Sun
Director

Hong Kong, 14 November 2019

As at the date of this report, the executive directors are Mr. Chow Chi Wah Vincent, Mr. Tsang King Sun, 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. Lee Chi Hwa Joshua, Mr. Wong Ching Keung, Ms. Ng Yin Ling Elaine and Dr. Antonio Maria Santos.